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U.S. Department of the Treasury
International Programs
Congressional Justification for Appropriations
FY 2016

Message from the Secretary of the Treasury

Dear Member:

On behalf of President Obama, it is my pleasure to submit the Congressional Budget Justification for the Department of the Treasury's International Programs for Fiscal Year 2016. The institutions and programs supported in this request — including the International Monetary Fund (IMF), the multilateral development banks (MDBs) and related funds, and bilateral technical assistance — represent cost-effective ways to address global challenges, including poverty, conflict, climate change, and food insecurity. These investments will advance U.S. interests and expand markets for American businesses.

A well-resourced and effective IMF is indispensable to achieving our economic and national security interests, protecting the health of the U.S. economy, and enhancing the prosperity of American workers. Our request proposes appropriations and authorization language to increase the U.S. quota in the IMF and simultaneously reduce, by an equal amount, U.S. participation in the IMF's New Arrangements to Borrow. This language is necessary to complete IMF reforms that preserve the veto power of the United States and our influence at the IMF. These reforms do not increase the current U.S. financial commitment to the IMF. We are prepared to work with Congress on funding approaches that secure passage of these critical reforms as soon as possible.

Our request for the MDBs, including the World Bank and regional development banks, promotes global economic growth, poverty reduction, and security. The MDBs finance investments in developing and emerging economies, including in infrastructure, health, education, and governance. This support fosters private sector development, facilitating new markets for U.S. exports and jobs for American workers. In addition to meeting our current MDB commitments, our request addresses prior unmet commitments, which have grown to levels that raise significant questions about U.S. credibility and leadership.

Because broad-based economic growth requires countries to address complex global challenges, our request includes funding for multilateral funds that help combat food insecurity and safeguard development investments across many areas in the face of a changing climate. These funds leverage resources from other donor countries and the private sector. Our request also increases funding for Treasury's Office of Technical Assistance (OTA), which supports effective financial management in developing and transitional countries, and has played a key role in the U.S. response to crises around the world. The increase seeks to restore prior levels of OTA funding.

Overall, these investments provide a significant return for the United States and complement our bilateral development assistance. They allow us to join the global fight against poverty and instability, while promoting economic growth in the United States and abroad.

I look forward to working with you on this important request.

Sincerely,

Jacob J. Lew

FY 2016 Executive Summary

International Monetary Fund

Treasury is seeking appropriations and authorization language within the FY 2016 request for the International Monetary Fund (IMF). In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to strengthen the IMF's critical role within the international system. The 2010 reforms are an important step toward modernizing IMF governance to better reflect countries' economic weights in the global economy, while preserving U.S. leadership and veto power.

The proposed appropriations and authorization language would reduce U.S. participation in the IMF's New Arrangements to Borrow (NAB) by approximately $59 billion and increase the U.S. quota by an equal amount, for no net change in the overall U.S. financial commitment to the IMF. The proposal also authorizes the United States to accept an amendment to the IMF Articles of Agreement that will facilitate changes in the composition of the IMF Executive Board while preserving U.S. influence in the Board.

Completing the IMF reforms is a national security and economic policy priority for the United States. The Administration is proposing a discretionary funding approach, but we are prepared to work with Congress on other feasible approaches to get legislation passed as soon as possible, including mandatory funding approaches.

Multilateral Development Banks

Treasury's request provides $366 million for annual general capital increase (GCI) commitments at the multilateral development banks (MDBs). FY 2016 is the first year that scheduled funding will not be required for the Asian Development Bank (AsDB) GCI, though funding is included for our unmet AsDB commitments. In addition, FY 2016 is the final year of scheduled payments for the ongoing GCIs at the World Bank's International Bank for Reconstruction and Development (IBRD) and Inter-American Development Bank (IDB). GCI payments for the African Development Bank (AfDB) are scheduled to continue through FY 2019.

A new initiative in this request is a GCI for the North American Development Bank (NADB), which finances environmental infrastructure on the U.S.-Mexican border. Our request includes the first of five $45 million installments in paid-in capital for the GCI. In addition to a total of $1.3 billion in callable capital, plus matching funds from the Government of Mexico, this request would support a doubling of the NADB's capital over five years. The President announced the NADB capital increase at this year's meeting of the High-Level Economic Dialogue, reflecting a strong U.S. commitment to deepen engagement with Mexico. NADB is well respected in the border region and has helped communities in both the United States and Mexico access critical infrastructure such as wastewater services. In recent years, NADB has provided renewable energy to residents in border states and has promoted new private sector investment in the sector along the border. Without a capital increase, NADB will lack the financial resources needed to continue supporting these important investments. Mexico announced its support for a capital increase in March 2014.

Our request also provides $1.6 billion to fully meet our annual replenishment commitments to the World Bank's International Development Association (IDA), the African Development Fund (AfDF), and the Asian Development Fund (AsDF).

Food Security

The request includes $43 million for the Global Agriculture and Food Security Program (GAFSP), the multilateral component of the President's Feed the Future initiative. This amount is enough to match $86 million in new commitments from other donors, in line with the United States' pledge to provide $1 for every $2 provided by other donors, up to a total U.S. contribution of $475 million. In addition, the request includes the first payment of $30 million towards the new replenishment of the International Fund for Agricultural Development (IFAD).

Environment and Clean Energy

Our request includes $150 million toward the U.S. pledge to the Green Climate Fund (GCF), providing a total of $500 million when combined with $350 million requested through the Department of State. Joining other nations, the United States pledged $3 billion – not to exceed 30 percent of total confirmed pledges – to this new $10 billion fund, which will support the transition of developing countries to a more sustainable development path. The GCF will also mobilize private sector resources toward clean and reliable energy and toward increased resilience. It will build on the best practices and lessons learned from the Climate Investment Funds (CIFs), to which the previous Administration pledged $2 billion with bipartisan support. Our request includes $230 million to fully meet the remainder of this commitment to the CIFs. It also fully funds the annual replenishment commitment to the Global Environment Facility (GEF) at $137 million and includes $32 million to pay down our unmet commitments.

Unmet Commitments

U.S. unmet commitments, which now exceed $1.5 billion, erode U.S. credibility, pose a threat to our ability to shape the policy priorities of the MDBs and related funds, and in some cases hamper the ability of these entities to deliver results. Our FY 2016 request would reduce these unmet commitments by $280 million. In making allocations, we have maximized paying down those unmet commitments that are most damaging to U.S. credibility and to the programming capacity of the entities. We have also sought to avoid incurring new unmet commitments.

Specifically, the FY 2016 request allocates $33 million for unmet commitments at the AfDF. Our nearly $180 million in unmet commitments to the AfDF severely constrain the AfDF's overall programming capacity. Paying down our unmet commitments would demonstrate our sustained support for this institution, which is a key partner in reducing poverty in Africa. AfDF makes critical contributions to Power Africa and other international efforts to address Africa's massive infrastructure needs. AfDF works to combat the Ebola epidemic and assists many of the poorest and most fragile countries in the world.

The request also includes $76 million to pay down our unmet commitments to the AsDF. Our over $300 million in unmet commitments constrain the AsDF's commitment capacity. Paying down some of our unmet commitments would increase AsDF assistance, including to support Afghanistan through the political and military transitions, promote energy sector reform in

Pakistan, bolster the democratic transition in Burma, and help Central Asia reduce its economic dependence on Russia.

Our FY 2016 request also includes funding for our unmet commitments to the Multilateral Debt Relief Initiative (MDRI). MDRI provides 100 percent cancelation of eligible debt owed to IDA and AfDF by countries reaching the completion point under the Heavily Indebted Poor Countries (HIPC) initiative. With no funding appropriated in FY 2014 or FY 2015, the unmet U.S. commitments to MDRI at IDA and AfDF have climbed to $300 million. In this request, we have included $111 million for IDA and $14 million for AfDF. The United States was the leading advocate for the creation of MDRI, which was established to identify sustainable debt solutions to the severe financial difficulties faced by in the world's poorest countries. The U.S. share of the cost of MDRI is projected to grow rapidly in the future, reaching an annual amount of over $300 million from FY 2021 through FY 2029, after which the cost will decline until MDRI ends in FY 2044.

The FY 2016 request includes $13 million for our unmet IBRD, AfDB, and AsDB commitments in order to prevent a permanent loss of shareholding at those institutions. In addition, the request includes $2 million toward unmet commitments at IFAD and, as noted above, $32 million at the GEF.

Treasury Office of Technical Assistance

Our request includes $28 million for the Treasury Office of Technical Assistance (OTA). This amount approximately restores prior levels, with an increase of nearly $5 million over the FY 2015 enacted level. The requested increase reflects a strong and increasing demand for OTA assistance to support U.S. economic and security priorities in Central America, Africa, Asia, Ukraine and other conflict zones. The request also allows for a modest but important expansion of OTA's work in priority areas, including infrastructure finance and domestic resource mobilization, which helps partner countries generate revenue and manage their resources more effectively. OTA will coordinate with the Department of State, USAID, and other government agencies in the whole of government approach for the U.S. Strategy for Engagement in Central America.

Summary Tables

Summary of Appropriations and Request
Treasury International Programs

FY2014 - FY2016
(in dollars)

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	*Of which, payment toward unmet commitments*
International Monetary Fund (IMF)	0	0	62,000,000	
Multilateral Development Banks (MDBs)				
International Development Association (IDA)	1,355,000,000	1,287,800,000	1,290,600,000	
Multilateral Debt Relief Initiative (MDRI) for IDA[1]	0	0	111,000,000	*111,000,000*
Int'l Bank for Reconstruction and Development (IBRD)	186,957,000	186,957,000	192,920,421	*5,963,555*
Inter-American Development Bank (IDB and FSO)	102,000,000	102,020,448	102,020,448	
Multilateral Investment Fund (MIF)	6,298,000	3,378,000	0	
African Development Fund (AfDF)	176,336,000	175,668,000	227,500,000	*32,500,000*
Multilateral Debt Relief Initiative (MDRI) for AfDF[1]	0	0	13,500,000	*13,500,000*
African Development Bank (AfDB)	32,418,000	32,418,000	34,118,027	*1,700,307*
Asian Development Bank (AsDB)	106,586,000	106,586,000	5,608,435	*5,608,435*
Asian Development Fund (AsDF)	109,854,000	104,977,000	166,086,000	*76,200,000*
North American Development Bank (NADB)	0	0	45,000,000	
Subtotal	2,075,449,000	1,999,804,448	2,188,353,331	*246,472,297*
Food Security				
Global Agriculture and Food Security Program (GAFSP)	133,000,000	0	43,000,000	
Int'l Fund for Agricultural Development (IFAD)	30,000,000	30,000,000	31,930,000	*1,930,000*
Subtotal	163,000,000	30,000,000	74,930,000	*1,930,000*
Environmental Trust Funds				
Clean Technology Fund (CTF)[2]	209,630,000	184,630,000	170,680,000	
Strategic Climate Funds (SCF)[2]	74,900,000	49,900,000	59,620,000	
ESF Statutory Transfer[3]		29,907,000	0	
Global Environment Facility (GEF)	143,750,000	136,563,000	168,263,000	*31,700,000*
Green Climate Fund (GCF)	0	0	150,000,000	
Subtotal	428,280,000	401,000,000	548,563,000	*31,700,000*
Treasury Office of Technical Assistance	23,500,000	23,500,000	28,000,000	
TOTAL	**2,690,229,000**	**2,454,304,448**	**2,901,846,331**	***280,102,297***

[1] IDA and AfDF require that payments be applied to unmet MDRI commitments under the IDA-16 and AfDF-12 replenishments prior to current MDRI commitments under IDA-17 and AfDF-13. The FY 2016 request therefore does not include funding for the MDRI commitment under IDA-17 and AfDF-13. IDA and AfDF will recalculate unmet MDRI commitments in 2017, including those accrued under IDA-17 and AfDF-13.

[2] FY 2014 Enacted includes $25 million provided under sec. 7060(c)(8) of the Consolidated Appropriations Act, 2014.

[3] Provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015.

Unmet Commitments to Multilateral Development Banks

FY 2006 - FY 2015
(in dollars)

MDB	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
IDA	337,027,880	377,877,880	385,572,880	505,572,880	478,072,880	480,542,880	423,042,880	430,524,944	680,174,944	683,974,944
IBRD	-	-	-	-	-	-	-	5,963,823	5,963,689	5,963,555
MIGA	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321	6,867,321
AfDF	30,994,221	32,351,221	33,366,261	39,421,261	40,476,261	86,636,261	109,136,261	140,686,853	213,350,853	232,682,853
AfDB	2,036,730	3,453,526	1,433,026	631,375	615,239	615,239	615,239	2,316,106	2,315,826	2,315,546
AsDF	118,389,611	134,639,611	175,345,350	185,595,350	195,845,350	311,095,350	326,345,350	346,657,950	326,703,950	311,626,950
AsDB	-	-	-	-	-	213,020	212,868	5,608,739	5,608,587	5,608,435
IDB	-	-	-	-	-	-	27,020,448	21,931,344	21,951,792	21,951,792
MIF	26,852,572	50,128,472	50,330,972	50,330,972	50,330,972	50,380,972	50,380,972	35,385,772	29,087,772	25,709,772
IIC	46,098,519	46,098,519	46,098,519	46,098,519	41,428,519	20,470,519	15,800,519	15,800,519	15,800,519	15,800,519
IFAD	459,339	3,609,339	3,683,722	3,683,722	3,683,722	4,243,722	4,243,722	5,762,502	5,762,502	5,762,502
GEF	169,828,364	170,628,364	169,527,644	169,527,644	163,027,644	205,057,644	228,987,644	247,897,537	247,897,537	247,897,537
EBRD	10,157	10,157	-	-	-	-	-	-	-	-
TOTAL	**738,564,714**	**825,664,410**	**872,225,695**	**1,007,729,044**	**980,347,908**	**1,166,122,928**	**1,222,655,637**	**1,265,403,410**	**1,561,485,292**	**1,566,161,726**

Notes:

1. Projected amounts for IDA and AfDF include unmet commitments under the Multilateral Debt Relief Iniative (MDRI).
2. AfDB includes $615,239, which corresponds to the 51 capital shares from GCI-V forfeited by the United States.
3. IIC includes $15,800,519, which corresponds to the 1,580 capital shares forfeited by the United States.

International Monetary Fund

Since its inception, the International Monetary Fund (IMF) has well served the world economy and U.S. national security and economic interests—whether it be in helping to restore the international monetary system in the aftermath of World War II to facilitate trade, capital flows, and economic growth; managing the transition from a fixed to flexible exchange rate system in the 1970s; mitigating economic crises in Latin America in the 1980s; supporting the transition of the ex-Soviet states in the 1990s; combating the financial crises of the 1990s; providing concessional support and debt relief for poverty alleviation in low income countries; helping address the global financial crisis in 2008-2009; or in tackling the European crisis of recent years. Without the IMF, these events had the potential to rock geopolitical stability to a much greater extent, often in countries with strategic significance to our national security.

The IMF has a unique mandate to promote global economic growth and stability. Its ability to design and support country reform programs is unparalleled. The IMF brings together officials from around the world, fostering a shared understanding of policy challenges. It establishes multilateral rules of the road. Its technical assistance helps countries build the infrastructure for more robust economic policies. The IMF's surveillance can help prevent crises and temper those underway.

The United States was instrumental in creating the IMF and remains its largest shareholder. As the only country with veto power over major IMF decisions, the United States uses its influence to shape the IMF's activities in ways that enhance our economic and national security interests.

In 2010, G-20 Leaders and the IMF membership decided on a set of quota and governance reforms designed to strengthen the IMF's critical role within the international system. The 2010 reforms are an important step in modernizing IMF governance to better reflect countries' economic weights in the global economy, while preserving U.S. leadership and veto power.

The request proposes to increase the U.S. quota in the IMF by approximately $59 billion and simultaneously reduce by an equal amount U.S. participation in the IMF's New Arrangements to Borrow (NAB), for no net change in the overall U.S. commitment to the IMF. The proposal also authorizes the United States to accept an amendment to the IMF Articles of Agreement that will facilitate changes in the composition of the IMF Executive Board while preserving U.S. influence in the Board.

Completing the IMF reforms is a national security and economic policy priority for the United States. All other major countries, including those in the G-20, have acted to ratify the reforms. However, Congress has not yet acted on legislation that would put these important reforms into effect. The Administration is proposing a discretionary funding approach, but we are prepared to engage Congress on other feasible approaches to get legislation passed as soon as possible, including mandatory funding approaches.

Implementation of the 2010 reforms is necessary to prevent a loss of U.S. influence in the IMF and to maintain our ability to shape the global norms and rules that protect U.S. interests.

As emerging economies have grown, it is important that we recognize their increasing relevance to ensure their continued commitment to the multilateral institutions we helped create, while maintaining our leadership and veto position.

IMF quota shares are assigned to countries based broadly on their relative position in the world economy. During the negotiations over the 2010 quota and governance reforms, emerging economies demanded additional shares in keeping with their economic growth. The United States negotiated a deal that maintains U.S. influence and veto power, while permitting the representation of emerging economies to grow modestly. Much of the increase in representation for emerging economies came by decreasing the over-representation for European economies. Even after this shift, advanced economies will still hold a majority of IMF quota share.

Because the United States has not yet enacted reform legislation, the IMF has sought to bolster its precautionary resources by securing bilateral borrowing agreements with China, Germany, Korea, and others, eroding U.S. influence in the IMF. Implementation of the 2010 reforms is now critical to reinforce the central position of the IMF, as emerging economies are seeking to establish new and parallel financial institutions, such as the New Development Bank (formerly referred to as the BRICS Bank), Contingent Reserve Arrangement, and the Asian Infrastructure Investment Bank. The IMF reforms will help keep emerging economies firmly anchored in the multilateral system that the United States helped design and continues to lead.

Without the reforms, U.S. influence in the IMF will diminish, and the United States will be less able to shape international norms and practices that ensure an open, resilient global economy. A more closed international financial system hurts U.S. workers and companies.

A well-resourced and effective IMF is indispensable to protecting the near-term health of the U.S. economy and the prosperity of American workers, and to achieving our strategic interests.

The IMF supports U.S. jobs, exports, and financial markets. During financial crises abroad, the United States leverages the IMF as the first responder to protect our domestic economy by promoting global growth and stability. When foreign economies are in crisis, they import less from U.S. businesses, they invest less in the United States, and they can damage our financial markets, hurting the value of 401Ks and other savings and retirement investments of American households. U.S. exports accounted for roughly 14 percent of U.S. gross domestic product (GDP) in 2013, and American export industries supported nearly 11.3 million jobs.

The IMF is providing vital support to fragile economies in Europe overcoming the financial crisis, to nations in the Middle East and Africa that are threatened by extremism and terrorism, and to countries undergoing political transitions. Without IMF policy advice to European countries in crisis, the spillover effects of Europe's economic problems on the United States in terms of lost growth and jobs would have been far worse. While the IMF helped Europe avoid an economic meltdown, the Europeans provided the lion's share of the financing. In the Middle East and North Africa, new IMF programs in Jordan, Tunisia, and Morocco in the last few years have helped prevent economic crises from further deteriorating the political environment to the detriment of U.S. interests. The IMF's support for Ukraine's economy has helped us meet our commitment to the Ukrainian people and their right to choose their own destiny.

Economic development is also critical for political stability. The IMF works alongside other development institutions in fragile states to combat economic stagnation and instability. With strong U.S. support, the IMF has significantly increased its support for low-income countries, including through interest rate relief on its concessional loans and helping protect health and education spending. The IMF is also helping to combat the Ebola outbreak. In late 2014, Secretary Lew called on the IMF to provide partial debt relief to the three African nations hardest hit by the Ebola epidemic. In response, the IMF has committed to use internal resources to provide additional support to these countries in the form of new concessional loans, grants, and debt relief.

The IMF is a safe and smart investment for the United States.

The assets that the United States places with the IMF are part of the U.S. international reserves and account for less than 20 percent of the IMF's total quota and NAB resources. U.S. transactions with the IMF are exchanges of equivalent monetary assets, which do not result in net budgetary outlays. When the United States provides resources to the IMF, the United States simultaneously receives an equal, offsetting claim in the form of an increase in the U.S. reserve position in the IMF. The U.S. reserve position in the IMF is an interest-bearing and liquid asset, held as part of U.S. international reserves and available to the United States on demand.

The IMF is a safe and smart investment for the United States. Every dollar of our participation leverages four more from other member countries. The IMF has a rock solid balance sheet including reserves and gold holdings that exceed total IMF credit outstanding. In addition, the IMF is recognized by its entire membership as the preferred creditor, with the unique ability to set conditions to assure repayment. The IMF has never defaulted on any U.S. reserve claims on the IMF since its inception nearly 70 years ago.

Multilateral Development Banks

World Bank Group

The World Bank Group is comprised of the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Treasury is seeking funding for its commitments to IDA and IBRD, as well as for the IDA portion of the U.S. commitment to the Multilateral Debt Relief Initiative (MDRI).

International Development Association

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
IDA	1,355,000,000	1,287,800,000	1,290,600,000
IDA-MDRI	-	-	111,000,000
Of which, payment toward unmet commitments	-	-	*111,000,000*

Treasury requests $1,290.6 million for the second of three annual installments to the seventeenth replenishment of IDA (IDA-17) and $111 million for the IDA portion of the U.S. commitment to MDRI.

Program Description

IDA is the part of the World Bank that supports the growth and development of the world's 77 poorest countries, home to 2.8 billion people, in every region of the world. IDA works across a wide range of sectors including education, basic health, clean water and sanitation, the environment, infrastructure, and agriculture. Because countries receiving IDA financing are too poor to attract sufficient capital to support their urgent development needs, they depend on low-cost loans and grants to create jobs, build critical infrastructure, increase agricultural productivity, provide energy, and invest in the health and education of future generations. IDA plays a critical role in leveraging private resources, public resources, and knowledge to deliver results in the world's poorest countries. The theme of IDA-17 is "maximizing development impact," emphasizing IDA's focus on concrete results and cost-effectiveness.

IDA's goal is to help countries reduce poverty and achieve higher levels of growth and institutional capacity. Over time, IDA's support helps countries finance their development needs through domestic revenues and borrowing at non-concessional rates. To date, 33 countries once eligible for IDA assistance have graduated and no longer receive support from IDA.

Because IDA provides highly concessional loans and grants, it relies on replenishments of resources by donor countries every three years to continue its activities. IDA-17 was finalized in December 2013, allowing IDA to make new development commitments of up to $17 billion per year over three years. The United States pledged $3,871.8 million to IDA-17, falling to the second largest donor behind the United Kingdom, although the United States remains the largest donor to IDA historically.

Of the $22.2 billion in commitments approved in IDA's 2014 fiscal year, nearly half – $10.2 billion – went to countries in sub-Saharan Africa. Countries in the South Asia region received $8.5 billion, and $2.1 billion went to countries in the East Asia and Pacific region. The Europe and Central Asia region received $798 million, while the Latin America and the Caribbean region received $460 million. Almost 15 percent of IDA's resources are provided as grants to fragile states and other countries at risk of debt distress.

How IDA Promotes U.S. Interests

IDA has a global reach, targets the neediest and is results-oriented. IDA provides a cost-effective means to support the world's poorest countries; every $1 contribution from the United States leverages almost $13 in contributions from other donors and internal resources. With its goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner, IDA supports the increased economic growth and improvements in government service delivery needed to create viable employment opportunities for fast-growing populations, expand American export markets, build state and government legitimacy, and reduce social dissatisfaction that can lead to support for extremist groups.

IDA rewards good governance by providing a larger share of IDA resources to countries with strong economic policies and institutions under its "performance-based allocation" (PBA) system. The United States was and remains a leading advocate of this approach because it allocates IDA funds on the basis of a country's economic policy performance and the performance of its portfolio of IDA projects. This resource allocation mechanism is designed to create incentives for IDA recipients to reform policy and promote effective use of development resources. These incentives help channel more assistance to those countries that have a demonstrated ability to manage that assistance well. While country performance is the main determinant of allocation, the PBA system also takes into account a country's population and per capita income.

IDA places special emphasis on support for fragile and conflict-afflicted states, with a focus on capacity-building, strengthening institutions, and improving public financial management. IDA projects promote economic, social, and political stability in strategically important countries, such as Afghanistan, Yemen, and Pakistan, and reinforce our bilateral security efforts in areas where new threats are emerging.

IDA is also helping build new markets for the United States, with assistance that fosters growth and private sector development, such as work on improving investment climates and financing of infrastructure, including regional projects. For example, recognizing that African countries can only realize their full growth potential with development of a reliable electricity supply, IDA is partnering with African countries, the United States, the private sector, and others to invest in electricity generation and transmission capacity and to strengthen regulatory frameworks as part of "Power Africa," the President's innovative, private sector-focused initiative aimed at more than doubling electricity access in sub-Saharan Africa.

Finally, IDA is positioned to help countries respond and rebuild when disasters or pandemics strike. IDA has a dedicated Crisis Response Window to address such emergencies quickly. For example, following the outbreak of violence in the Central African Republic in 2012 (which has displaced 25 percent of the population), IDA supported targeted food distribution, the restoration of food production capacity, and the resumption of core public administration, including social services. IDA has also provided urgently needed support for the Ebola response in Guinea, Liberia, and Sierra Leone by helping pay health worker salaries, while also strengthening health systems in those countries through its long-term support.

Meeting our IDA Commitments

U.S. unmet commitments to IDA replenishments currently amount to $437 million. Failing to meet our commitments to IDA-17 will damage U.S. credibility and undermine IDA's ability to meet its goals or deliver on the policy commitments achieved by the United States during the IDA-17 replenishment negotiations. Our ability to advocate for important priorities, like maintaining a performance-based approach for resource allocation, will be diminished if we do not meet our commitments.

Meeting our MDRI Commitments

Treasury requests $111 million for the U.S. share of the cost of MDRI at IDA. This amount will be applied toward our unmet commitments to MDRI under the previous IDA-16 replenishment.

Launched in 2006 at the urging of the United States, MDRI provides 100 percent debt cancellation to the poorest borrowers of the World Bank and the African Development Bank. Countries become eligible for MDRI after completing the Heavily Indebted Poor Countries (HIPC) Initiative and demonstrating a track record of improved economic policy performance. The purpose of this debt reduction is to free up more resources in well-performing low-income countries for poverty-reducing expenditures in areas such as health, education, and rural development.

The value of debt relief provided under the HIPC and MDRI Initiatives amounts to around $126 billion, representing on average 47 percent of the 2012 nominal GDP of HIPC countries. Of this total amount, about $50 billion is associated with MDRI. As a result of these initiatives, the debt burden for participating countries is 90 percent lower than it otherwise would have been, enabling them to increase their poverty-reducing expenditures by over 50 percent between 2001 to 2012. A 2014 study by the IMF found that debt relief under the HIPC and MDRI Initiatives contributed to higher growth, including in many fragile, post-conflict countries.

Because countries are no longer required to meet their financing obligations to IDA, MDRI requires donors to compensate IDA for the cancelled debt on a dollar-for-dollar basis according to the payment schedules of the original loans. Otherwise, resources available for new financing for the poorest borrowers would fall significantly because reflows are an important source of revenue for IDA. IDA calculates donors' MDRI commitments at the start of each three-year replenishment cycle according to a burden-sharing percentage. Each donor's commitments to MDRI at IDA must be met within the three-year replenishment period to avoid a negative impact on IDA's commitment capacity.

With a 20.1 percent burden share, the U.S. share of the cost of MDRI under IDA-17 is $565 million. In addition to these current commitments, the United States has $246 million in unmet MDRI commitments from IDA-16. Altogether, the United States faces total commitments of $811 million for MDRI at IDA over the FY 2015-FY 2017 period.

During previous replenishments, a sizeable portion of the U.S. MDRI commitment to IDA was met using "early encashment credits". IDA awards these credits at the end of a replenishment period when a donor pays replenishment contributions faster than the established schedule of nine years (i.e., when we accelerate our payments to IDA, IDA puts the additional interest it earns towards meeting MDRI commitments.). However, early encashment credits are now outpaced by the U.S.'s growing annual MDRI commitments. While we intend to continue to apply early encashment credits to lessen the need for direct appropriations, the amount generated under IDA-17 is expected to cover less than one third of our total MDRI commitments.

Achieving and Measuring Results

Over the past 10 years, IDA has been a leader on results monitoring and reporting. From 2002-2013, IDA has achieved the following:

- Half a billion children immunized;
- Over 120 million people provided access to better water sources;
- 117 million people received health services;
- 116,000 kilometers of roads built or fixed;
- 3.5 million teachers recruited or trained; and
- 195 million women received prenatal care.

Looking forward, expected results from projects financed by IDA-17 include electricity for 15 to 20 million people, life-saving vaccines for 200 million children, access to clean water for 32 million people, and the expansion of basic health services for 65 million people.

In 2002, IDA adopted its Results Measurement System (RMS), an online scorecard that is updated annually and provides a snapshot of IDA's performance and results across countries. IDA was the first multilateral development entity to use a framework with quantitative indicators to monitor results and performance. Its approach has since been emulated by other development institutions.

Under the scorecard, the World Bank's Independent Evaluation Group (IEG) measures the results of completed IDA projects against the indicators that it set out to achieve. As an independent entity, IEG is empowered to provide objective assessments of the World Bank's project and program results. The IEG assigns a rating (highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, or unsatisfactory) to a completed project based on the achievement of the project's intended outcomes and development objectives. In the 2013 scorecard, 65 percent of IDA projects received a "satisfactory" rating or higher. In response to lower-than-expected ratings, management has developed a "Management Dashboard" to provide senior management with comprehensive real-time data on portfolio quality, which will enable it to react more aggressively if problems arise.

Project Examples

Laos. IDA provided a $10 million grant to Laos for a rural electrification project. It aimed to support the development of the Laotian power sector, extending electricity access to rural households in targeted provinces and improving the sector's overall sustainability. Specifically, in partnership with the government, IDA aimed to provide electricity to 52,000 rural households through grid extension and off-grid electrification. When the project was completed in 2012, the project had brought electricity to nearly 66,000 households, exceeding the original target by nearly 30 percent. It also surpassed its target for off-grid electrification. Partly as a consequence, Laos reached its goal of 80 percent electricity coverage by 2015, more than three years ahead of schedule. Expanded access to electricity helped transform living conditions and income-generating opportunities for project beneficiaries, which contributed to poverty reduction and economic growth.

Nicaragua. IDA provided a $12 million loan to Nicaragua to boost agricultural development by providing rural households with access to sustainable agricultural, forestry, and natural resource management and services. In 2005, the agriculture sector accounted for 20 percent of Nicaragua's economy and employed 40 percent of the population, yet it did not incorporate many modern agricultural technologies or innovations. To address this challenge, the IDA loan funded agricultural research and development, and improved extension services and other government assistance for farmers, reaching over 70,000 beneficiaries. By the end of the original project in 2013, 95 percent of the 35,000 farmers receiving agricultural and forestry extension services adopted at least two new production technologies, surpassing the original target. Furthermore, an impact evaluation showed that the productivity of participating farmers improved by 60 percent. Importantly, 82 percent of farmers expressed satisfaction with the research and agricultural services that they received through this project.

International Bank for Reconstruction and Development

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
IBRD	186,957,000	186,957,000	192,920,421
Of which, payment toward unmet commitments	-	-	*5,963,555*

Treasury requests $192.9 million for the International Bank for Reconstruction and Development (IBRD). This amount includes $117.4 million for the fifth of five installments for the General Capital Increase (GCI); $69.6 million for the fourth of four installments for the Selective Capital Increase (SCI); and $6 million to address shortfalls from FY 2013 appropriations that, if not paid, will result in a loss of U.S. shareholding at the IBRD.

Program Description

The IBRD is the arm of the World Bank that provides financing to creditworthy middle-income countries to promote inclusive economic growth and reduce poverty. Middle-income countries – home to over 70 percent of the world's poor – rely on the IBRD for financial resources and strategic advice to meet their development needs.

Working across a range of sectors, including agriculture, sustainable infrastructure, health and nutrition, and education, the IBRD supports long-term human and social development needs that private creditors do not finance. During its 2014 fiscal year, the IBRD committed $18.6 billion to support 95 projects in 41 countries. The largest share of this lending went to countries in the Europe and Central Asia region ($4.7 billion) and the Latin America and Caribbean region ($4.6 billion), followed by countries in the Middle East and North Africa region ($2.6 billion).

The IBRD raises resources like a conventional bank by issuing debt and on-lending to borrowers at market-linked rates. This capital model enables the IBRD to sustain stable lending, but prevents it from significantly scaling up as new demands from borrowing countries arise. In response to the global financial crisis, shareholders agreed to provide the IBRD with additional capital to meet the growing needs in countries that suddenly found themselves shut off from global capital markets and facing sharp declines in domestic revenues.

The United States is the largest shareholder in the IBRD, with a 15.8 percent share of total voting power, followed by Japan and China. The United States is the only country with veto power over amendments to the World Bank's Articles of Agreement.

How IBRD Promotes U.S. Interests

The IBRD is a cost-effective way to promote our national security, support the next generation of export markets, and address key global challenges like environmental degradation and food insecurity. If left unaddressed, these issues can generate unrest and conflict that can ultimately require costly and protracted U.S. involvement.

The IBRD also helps countries tackle complex development issues, such as building robust institutions and undertaking structural reforms that are essential for sustained, inclusive growth, which, in turn, drive demand for U.S. goods and services.

The IBRD has been a critical partner in promoting U.S. strategic interests. The IBRD has approved a total of $2.5 billion in loans to Ukraine to help stabilize the economy and support the delivery of public services in the wake of its recent economic and national security crisis. The IBRD has also stepped up lending to Egypt and Tunisia following the Arab Spring, helping promote critical reforms to stabilize economies and placing increased emphasis on inclusive growth and job creation for disadvantaged populations.

With its global footprint and unique convening role, the IBRD facilitates the sharing of experiences and solutions gained in one part of the world to countries elsewhere. The IBRD is a global standard bearer, with strong environmental and social safeguards, high procurement standards, and a disciplined approach to debt sustainability. Indeed, some countries have adopted IBRD standards as their own national standards.

U.S. investments in the IBRD have a significant leveraging effect. Every $1 of U.S. paid-in and callable capital leverages $25 in lending by IBRD because of burden-sharing with other shareholders and the World Bank's ability to borrow in international capital markets.

Meeting our IBRD Commitments

Without full funding for GCI and SCI commitments in FY 2016, the United States risks permanently losing shareholding, which could lead to a loss of U.S. veto power, leadership, and influence at the World Bank at a time when the World Bank is consolidating many institutional reforms that the United States has encouraged. The IBRD's support is critical for strategic priorities like providing financing to Ukraine, isolating Russia, stabilizing countries in the Middle East and North Africa, and financing infrastructure in Asia.

Achieving and Measuring Results

The World Bank has leveraged its strengths and resources to help countries drive economic growth, promote inclusiveness, and achieve sustainability. During FY 2012-2014, it has:

- Provided 87.2 million people, microenterprises, and small- and medium-sized enterprises with financial services;
- Generated 26,952 gigawatt-hours of renewable power;
- Reached 6.4 million farmers with agricultural assets and services;
- Provided 48.2 million people with access to an improved water source;
- Provided 411.1 million people with essential health, nutrition, and population services; and
- Helped institutionalize disaster risk reduction as a national priority in 34 countries.

As part of the GCI agreement in 2010, the United States successfully pushed for the creation of a "Corporate Scorecard" that provides information on the performance and efficiency of the World Bank. The scorecard uses an integrated results and performance framework organized in a four-tier structure. Tiers I and II provide information on member countries' development results, while Tiers III and IV capture the Bank's performance in terms of outputs and efficiency.

Under this scorecard, the World Bank's IEG measures the results of completed World Bank projects against the targets for these projects. The IEG assigns a rating (highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, or unsatisfactory) to a completed project based on the achievement of the project's intended outcomes and development objectives. The 2013 Corporate Scorecard, which is available online, reports that 76 percent of IBRD projects received a "satisfactory" or higher rating. This percentage is six points higher than in the previous year. IBRD management continues to focus on boosting project quality by increasing technical support to delivery teams and investing in a new monitoring system that tracks portfolio quality.

The IBRD also compiles results from individual loans into an aggregate summary of results. This summary provides IBRD management and shareholders with access to comprehensive information on achievements by country and by sector. For example, the IBRD estimates that its support for water and sanitation initiatives has contributed to the following results:

- In Indonesia, more than 5 million people have benefited from improved water supply and more than 5.5 million have benefited from improved sanitation facilities.
- In Morocco, IBRD support improved the design of a sanitation project and led to the incorporation of new technologies that could save up to $1 billion in costs.
- In Azerbaijan, a rural investment project expanded access to safe water to 150,000 people and rehabilitated irrigation systems, benefitting approximately 70,000 people.

Project Examples

Philippines. The IBRD provided a $200 million loan to the Philippines to improve the quality and equity of basic education. The Philippines' educational outcomes had fallen short of their potential: In 2003, an international study had placed the Philippines in the lowest 10 percent of performance in Grades 4 and 8 among participating countries. Government spending on education had failed to keep up with the pace of population growth and other factors, contributing to chronic shortages in everything from school buildings to textbooks. Support from the IBRD-financed National Program Support for Basic Education enabled the government to implement targeted reforms to improve access to education and quality of learning. The project contributed to a tripling of spending for public education between 2005 and 2013, which improved access to education for the poor and disadvantaged. Overall enrollment increased from 13 million to 14.4 million during this time period, with a substantial proportion coming from the poorest households. Lastly, by 2013, more than 95 percent of 6- to 11 year olds were attending elementary school, up from 89 percent prior to the program's start.

Dominican Republic. The IBRD provided a $42 million loan to the Dominican Republic to increase the supply and reliability of power. Throughout the 1990s, the electricity sector in the Dominican Republic provided substandard service, with inadequate generation capacity and frequent power cuts. Over the past decade, the government has restructured the sector, increasing the number of clients receiving electricity for 24 hours per day to 35 percent of the market. By rehabilitating the country's electricity distribution companies, the project improved the availability and quality of electricity for 101,197 households, roughly 25 percent higher than the original target of 81,439 households.

Box 1: The MDBs and the Response to Ebola in West Africa

The Ebola Virus Disease has had a devastating effect on the economies of Guinea, Liberia, and Sierra Leone by greatly reducing daily market activities, trade, foreign direct investment, and tourism. As a result, the outbreak threatens to reverse the considerable gains in poverty reduction and economic growth that these countries have made in recent years after emerging from conflict. The World Bank's International Development Association (IDA) and the African Development Bank's African Development Fund (AfDF) have played a leading role in responding to the human and economic effects of the crisis.

According to the World Bank, nearly half of Liberia's employed workers have been out of work since the crisis began, contributing to a dramatic slowdown in growth in 2014, which was initially projected to be nearly six percent but is now estimated to have been closer to two percent. Guinea's economy is estimated to have expanded only 0.5 percent in 2014, down from projections of 4.5 percent growth before the crisis, and Sierra Leone's growth estimates have been revised downwards from 11.3 percent to 4.0 percent. The World Bank now predicts that Guinea's and Sierra Leone's economies will contract in 2015. The combined fiscal impact of Ebola from lost revenues and increased spending on containing the disease exceeds $500 million in 2014. These high costs deprive these fragile countries of funds that could otherwise have been spent on social services and critical infrastructure development needed to lift them out of fragility.

IDA and the AfDF have provided substantial funding to help respond to the Ebola crisis. For example, IDA tapped into its emergency assistance fund as well as country allocations to provide $518 million in emergency response funding for Guinea, Liberia, and Sierra Leone. The AfDF approved $221 million, using both its pool of funding for regional projects and countries' allocations.

These IDA and AfDF resources have been used to pay for essential supplies and drugs, personal protective equipment, health worker training, additional pay and death benefits for health workers and volunteers, data collection and management, and awareness-raising. MDB assistance is also enabling the Ebola-affected countries to protect the governments' spending on other basic services and infrastructure. Finally, IDA and the AfDF have provided assistance, awareness-raising efforts, and capacity-building to Côte d'Ivoire to address the economic spillover and risk of Ebola spreading from the neighboring countries, and to the Democratic Republic of Congo to address its separate Ebola outbreak.

IDA and the AfDF will use the remaining portions of the affected countries' IDA-17 and AfDF-13 performance-based allocations to continue building the countries' health systems capacity and infrastructure, such as by improving roads and water and sanitation services that will reduce the risks of future outbreaks and make them easier to contain.

Inter-American Development Bank Group

The Inter-American Development Bank Group is comprised of the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF). Treasury is seeking funding for its commitment to the IDB.

Inter-American Development Bank

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
102,000,000	102,020,448	102,020,448

Treasury is seeking $102 million for the fifth of five installments for the IDB's Ninth General Capital Increase (GCI-9).

Program Description

The IDB is the largest source of development financing for 26 countries in Latin America and the Caribbean, a strategically significant and economically important region for the United States and a region where 66 million people live in extreme poverty. In 2014, the IDB made $13.8 billion in financing commitments to support 168 projects. About 37 percent of commitments targeted small and vulnerable borrowing countries, such as El Salvador, Guyana, Honduras, and Jamaica.

The IDB works in a range of sectors and commits roughly half of its funding to support infrastructure and the environment through projects in water and sanitation, transportation, and energy. The other half is split between capacity building, including reform of government operations and financial markets, and the social sector, including social investment, health, and education.

Given the IDB's significant response to the global financial crisis, in 2010, shareholders approved GCI-9 to ensure that the IDB had the resources necessary to assist countries that suddenly found themselves shut off from global capital markets. As part of the GCI-9 resolution, the IDB established a special grant facility for Haiti that will receive income transfers of $200 million annually from the IDB through 2020. This facility provides Haiti with vital resources to support a long-term development agenda. Establishing this facility was a critical U.S. objective of GCI-9.

The United States is the largest shareholder in the IDB, with 30 percent of total shareholding, enabling the United States to wield significant influence over major decisions about the direction of the IDB. Borrowing countries hold more than 50 percent of total IDB shares, with Brazil and Argentina being the next largest shareholders after the United States.

How IDB Promotes U.S. Interests

The IDB supports U.S. strategic, economic, and security interests in our hemisphere by working to reduce poverty and social inequality in the region, addressing the needs of small and vulnerable countries, and promoting regional cooperation and integration.

The IDB accomplishes these objectives through projects that expand access to education and basic health and nutrition services, improve access to water and sanitation, develop transportation infrastructure, strengthen government institutions for fiscal efficiency and transparency, and develop regulatory frameworks on environment and climate change. The IDB also works with countries in the region to strengthen citizen security and implement anti-corruption and anti-money laundering initiatives. These efforts promote demand for U.S. goods and services in a region that is a significant trading partner for the United States. In 2013, total goods trade with Latin America and the Caribbean was $846 billion, an increase of 26 percent from 2010.

The IDB's work also bolsters U.S. national security. For example, the IDB is coordinating with U.S. government agencies to explore partnerships in the Northern Triangle region of Central America (El Salvador, Guatemala, and Honduras), particularly in light of the recent surge of unaccompanied migrant children from Central America across the southern U.S. border. The IDB's work addresses both the symptoms and causes of emigration – violence and insecurity – with projects that boost employment, expand education, and promote criminal justice, with a particular focus on prevention and strengthening civic, judicial, and commercial institutions.

The IDB is also helping countries in the Caribbean and Central America that depend on heavily subsidized oil from Venezuela to transition to a more sustainable path. To help affected economies avoid a major adjustment in the event of an oil supply shock, the IDB is encouraging governments to improve efficiencies in domestic energy sectors and develop cleaner sources of energy.

In addition, the IDB is strengthening the region's ability to prepare for and respond to natural disasters by designing infrastructure projects that are resilient to potential climate impacts and transforming the region's energy matrix to more efficient operations and cleaner sources of fuel. The IDB supports activities with the largest potential for greenhouse gas (GHG) emission reductions, including reductions in GHGs from land use change and deforestation, transport, and power generation.

U.S. investments in the IDB have a significant leveraging effect, with every additional dollar of U.S. capital allowing lending to increase by over $10 because of burden-sharing with other shareholders and the IDB's ability to borrow in international capital markets.

Meeting our IDB Commitments

Currently, the United States is $22 million behind on its commitment to GCI-9. Our inability to meet our full commitment would mean a loss of U.S. influence at the IDB, which is one of the main channels through which we shape economic and development priorities in Latin America and the Caribbean. Further, U.S. shortfalls might cause other donors to reconsider their support for the $200 million in annual grants to Haiti, as the United States was a vocal advocate for the GCI-9 agreement.

Achieving and Measuring Results

The IDB's annual Development Effectiveness Overview (DEO) assesses progress in meeting the IDB's broad development objectives, including lending program targets, operational effectiveness, and operational efficiency. The 2013 review showed that the IDB is on track to meet or exceed the following goals by 2015:

- Providing 23 million individuals a basic package of health services
  - 16 million people were already provided with a basic package in 2012 and 2013.
- Enabling 8.5 million students to benefit from education projects
  - IDB education projects reached over 7.9 million people in 2012 and 2013.
- Providing 600,000 people with programs to promote higher labor productivity
  - IDB labor productivity programs had reached almost 550,000 people in 2012 and 2013.
- Providing 16 million people with benefits from targeted anti-poverty programs
  - Anti-poverty programs reached more than 13.6 million people in 2012 and 2013.
- Financing 120,000 microenterprises, and small-, and medium-sized enterprises (SMEs)
  - IDB programs financed 1.8 million microenterprises and SMEs in 2012 and 2013.

The IDB is taking steps to improve its monitoring and evaluation of projects. The IDB's development effectiveness framework for projects has three components: the Development Effectiveness Matrix (DEM), the Progress Monitoring Report (PMR), and the Project Completion Report (PCR).

- The DEM is the main tool for assessing how well a project in the design stage sets realistic, time-bound and measurable targets. The DEM identifies the elements that are considered essential to a project's "evaluability" during and after project implementation. This includes the IDB's ability to monitor progress during project implementation, make mid-course corrections, and evaluate the project after completion. In 2013, the percentage of IDB operations rated "highly evaluable" and "evaluable" reached 100 percent, surpassing the target of 85 percent. To promote continuous improvement, the IDB raised the threshold for projects to be considered "highly evaluable" in late 2014.

- The PMR is a self-evaluation tool to assess how well a project met its output targets and achieved development objectives.

- In 2013 and 2014, the IDB revamped the PCR to conduct project evaluations of completed projects with greater objectivity, transparency, and results-based evidence. The changes respond to recommendations from the IDB's independent Office of Evaluation and Oversight (OVE)[1]. As a result, the PCR will better enable the IDB to incorporate lessons learned about projects and enhance its development effectiveness.

[1]OVE undertakes independent and systematic evaluations of the IDB's strategies, policies, programs, and activities. OVE reports directly to the Board of Directors and disseminates its evaluations so that recommendations for improvement can be used in the design, appraisal, and execution of new operations.

Project Examples

Haiti. The IDB provided Haiti with a $5 million loan to develop its National Risk and Disaster Management System with an early flood warning program. As Haiti continues to recover from the catastrophic earthquake in 2010, the country is still exposed to severe flooding and mudslides during hurricane season across its deforested watersheds. Completed in 2013, the IDB-financed project established a central national flood warning station, as well as 54 hydro-meteorological stations and 47 warning sirens across Haiti, and provided the targeted municipalities with surveillance equipment, evacuation maps, and capacity building. The new observation network provides accurate and timely data on potential flooding in 13 of Haiti's highest-risk watersheds, and alerts local residents about hurricanes and other weather emergencies to give them more time to seek higher ground. The project is expected to reduce the loss of human lives from flooding by 75 percent.

Honduras. Under a loan approved in 2013, the IDB is providing $100 million to help Honduras improve the efficiency and coverage of its social safety net program. As a result, Honduras' social safety net program has increased its coverage from 100,000 to more than 350,000 poor households. A follow-up IDB loan is supporting improvements to the program's efficiency and targeting, which should enable the program to increase participation in the program from 40 percent to 50 percent of the country's poorest rural families, while reducing participation of non-poor households through recertification. The project aims to increase the use of services in education, health, and nutrition of pregnant women and children through targeted conditional cash transfers. The program will also expand middle school participation rates in selected rural areas and improve the efficiency of program management.

African Development Bank Group

The African Development Bank Group is comprised of the African Development Fund (AfDF) and the African Development Bank (AfDB). Treasury is seeking funding for its commitments to AfDF and AfDB, as well as for the AfDF portion of the U.S. commitment to the Multilateral Debt Relief Initiative (MDRI).

African Development Fund

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
AfDF	176,336,000	175,668,000	227,500,000
Of which, payment toward unmet commitments	-	-	*32,500,000*
AfDF-MDRI	-	-	13,500,000
Of which, payment toward unmet commitments	-	-	*13,500,000*

Treasury requests $227.5 million for the AfDF. This amount includes $195 million for the second of three installments to the thirteenth replenishment of the AfDF (AfDF-13) and $32.5 million to pay down our unmet commitments to the AfDF. In addition, Treasury requests $13.5 million for the AfDF portion of the U.S. commitments to MDRI.

Program Description

The AfDF is the AfDB Group's concessional lending window, providing highly concessional loans and grants to the poorest countries in Africa, nearly half of which are fragile or conflict-affected states. The AfDF has cumulatively invested $45 billion over its 40 years of operation, and in 2014 provided close to $1.6 billion in financing, technical assistance, and capacity-building activities to the 39 countries that it serves. AfDF recipient countries increasingly include growing African economies that are becoming new, emerging markets and U.S. trading partners. Yet, other AfDF recipient countries remain trapped in fragility, conflict, and poverty and are highly vulnerable to both internal and external shocks and in need of special assistance to achieve basic levels of service delivery.

The AfDF is the largest official financier of infrastructure in sub-Saharan Africa, committing over half of its funding to national and regional infrastructure projects, in sectors such as energy, transport, and water and sanitation. The remainder of its funding is devoted to governance, agriculture and food security, and human capital development (e.g., health and education). The AfDF also sets aside special funding for fragile and transitioning states and regional projects.

The AfDF is financed by donor countries, including the United States. Because the AfDF provides grants and low-cost loans, it needs new donor resources every three years to continue operating. In September 2013, the United States joined other donors in raising $7.3 billion for AfDF-13. The United States is one of the largest donors to the AfDF, contributing the second-largest amount historically (behind Japan) and the third-largest amount in AfDF-13 (behind the United Kingdom and Germany).

How AfDF Promotes U.S. Interests

The AfDF, which is solely dedicated to working with the poorest countries in Africa, supports U.S. economic and security interests by promoting inclusive growth in the region's new frontier economies, deepening economic and regional integration, and working with post-conflict and fragile states to assist them in becoming productive and stable.

In 2014, the AfDF served U.S. national security and global health interests by helping to stem the spread of Ebola. The AfDF also buttresses our bilateral security objectives by addressing the underlying causes of instability in areas where new threats are emerging, such as the Sahel and Horn of Africa.

The AfDF also plays a central role in numerous U.S. initiatives in sub-Saharan Africa. The AfDF is a key partner in the Power Africa initiative, providing technical assistance, financing, and guarantees for projects supporting power generation, transmission, and distribution. To date, the AfDF and AfDB have committed over $650 million to Power Africa projects. By the end of 2014, they were on track to commit an additional $1 billion in the six initial focus countries (Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania) as well as $1 billion for energy projects in other African countries.

The AfDF promotes good governance in Africa through projects to strengthen public financial management capacity and extractive industries transparency. Like IDA, the AfDF also has a transparent performance-based allocation formula, largely because of strong U.S. leadership calling for this approach. The formula rewards governments that make progress on economic governance and sound policymaking, have strong institutions, and have a positive track record of managing AfDF assistance.

U.S. contributions to the AfDF provide significant returns because every dollar contributed leverages close to $12 in other donor contributions and internally-generated resources.

Meeting our AfDF Commitments

U.S. unmet commitments to AfDF replenishments are $178.7 million and the United States is the only donor country with protracted unmet commitments. These unmet commitments decrease the financial capacity of the AfDF, reducing the amounts available to support the poorest African countries and to respond to pressing regional emergencies, such as the ongoing Ebola crisis. Continued U.S. unmet commitments will undermine U.S. leadership within the institution at a time when we are looking to the AfDF as a key partner in Africa. Meeting our annual commitment and clearing an additional $32.5 million in unmet commitments would help restore U.S. leadership and help the AfDF deliver on its programmatic work plan and achieve results on the ground at a time when its mission is more critical than ever.

Meeting our MDRI Commitments

Treasury requests $13.5 million for the U.S. share of the cost of MDRI at AfDF. This amount will be applied toward our unmet commitments to MDRI under the previous AfDF-12 replenishment.

Launched in 2006 at the urging of the United States, MDRI provides 100 percent debt cancellation to the poorest countries from the World Bank and the African Development Bank. Countries become eligible for MDRI after completing the Heavily Indebted Poor Countries (HIPC) Initiative and demonstrating a track record of improved economic policy performance. The purpose of this debt reduction is to free up more resources in well-performing low-income countries for poverty-reducing expenditures in areas such as health, education, and rural development.

The value of debt relief provided under the HIPC and MDRI Initiatives amounts to around $126 billion, representing on average 47 percent of the 2012 nominal GDP of HIPC countries. Of this total amount, about $50 billion is associated with MDRI. As a result of these initiatives, the debt burden for participating countries is 90 percent lower than it otherwise would have been, enabling them to increase their poverty-reducing expenditures by over 50 percent between 2001 to 2012. A 2014 study by the IMF found that debt relief under the HIPC and MDRI Initiatives contributed to higher growth, including in many fragile, post-conflict countries.

Because countries are no longer required to meet their financing obligations to the AfDF, MDRI requires donors to compensate AfDF for the cancelled debt on a dollar-for-dollar basis according to the payment schedules of the original loans. Otherwise, resources available for new financing for the poorest borrowers would fall significantly because reflows are an important source of revenue for AfDF. The AfDF calculates donors' MDRI commitments at the start of each three-year replenishment cycle according to a burden-sharing percentage. Each donor's commitments to MDRI at AfDF must be met within the three-year replenishment period to avoid a negative impact on the AfDF's commitment capacity.

At 11.8 percent burden share, the U.S. share of the cost of MDRI under AfDF-13 is $55 million. The United States also has over $54 million in unmet MDRI commitments from AfDF-12. Altogether, the United States faces total commitments of $109 million for MDRI at the AfDF over the FY 2015-FY 2017 period.

Achieving and Measuring Results

In 2013, the AfDB Group updated its Results Measurement Framework (RMF), which tracks progress on development goals and rates the number of projects that meet their expected outcomes. The new RMF translates the AfDB Group's overall institutional strategy into concrete objectives and targets, of which many are now broken down separately between the AfDB and AfDF. Each year, the AfDB Group produces an Annual Development Effectiveness Review (ADER), which aggregates the results data into a simple, narrative form to support transparency and accountability to the AfDB Group's partners and stakeholders. Key AfDF achievements include:

- 560,000 households connected to the electricity grid from 2011-2013;
- Nearly 16 million people with improved access to water and sanitation from 2011-2013;.
- 129 kilometers of cross-border roads and 465 kilometers of cross-border transmission lines constructed or rehabilitated from 2011-13;
- Across the 14 countries where AfDF commitments supported development and strengthening of revenue systems, tax revenue rose from 10.5 percent of gross domestic product in 2005 to 14.7 percent in 2011. Twenty-three countries improved transparency,

accountability, and corruption mitigation in the public sector from 2011-2013 as a result of AfDF policy advice and assistance.

This focus on results has contributed to improvements in the AfDF's performance and effectiveness. In 2013, 89 percent of completed AfDF projects were rated as satisfactory, an improvement from 77 percent in 2012. Not surprisingly, the majority of projects that did not meet this threshold are in the region's toughest environments, and the AfDF is working hard to improve performance in fragile and post-conflict states. Additionally, 90 percent of AfDF projects were assessed as delivering sustainable outcomes in 2013, an improvement from 85 percent in 2012. The RMF has also provided a structure for the AfDF to track performance on cross-cutting issues such as gender. In 2013, 83 percent of completed AfDF projects were rated as having satisfactory gender equality outcomes, an improvement from 71 percent in 2012.

Project Examples

Mozambique. The AfDF provided Mozambique with $59.1 million in loans and grants to improve the access, quality, and sustainability of water and sanitation services in four poor urban areas. Lack of water supply infrastructure and inadequate access to water and sanitation are major challenges to Mozambique's economic and social development. The project, completed in 2011, nearly tripled water quantity for more than 284,000 Mozambicans, connecting more than 24,000 people to new water supply. AfDF financed the construction of 23 boreholes, 13 reservoirs, 110 water standpipes, over 400 latrines, and supported the rehabilitation of damaged infrastructure. Institutional support to the Government of Mozambique helped to improve databases, billing, and revenue collection related to water services, and capacity building at the community level led to improved sanitation and hygiene. The project led to a reduction in the incidence of water-borne illnesses (e.g., cholera, diarrhea, and trachoma) and directly benefited women and girls—who typically conduct household chores in Mozambique—by reducing the time spent collecting water.

Democratic Republic of Congo. Completed in 2013, the AfDF's agricultural rehabilitation project in the Democratic Republic of Congo (DRC) provided a $52.8 million grant to increase food production in the DRC's central and southern provinces of Kasaï and Katanga. Through expansion of agricultural technology, such as cattle plowing and improved seeds, rural infrastructure rehabilitation, and capacity building for agricultural support services, the project benefited more than 400,000 agricultural households (32 percent of which were women-led). AfDF support financed the rehabilitation of more than 360 miles of rural roads, capacity building for more than 5,000 farmers, and the training of more than 2,000 public employees in agricultural production support. From 2006 to 2013, the project increased food production by 48 percent in the project area, from 6.1 million to 9.1 million tons per year. This resulted in a dramatic improvement in food security, with the food deficit decreasing from 28 percent to 11 percent.

African Development Bank

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
AfDB	32,418,000	32,418,000	34,118,027
Of which, payment toward unmet commitments	-	-	*1,700,307*

Treasury requests $34.1 million for the African Development Bank (AfDB). This amount includes $32.4 million for the fifth of eight installments for the AfDB's Sixth General Capital Increase (GCI-6) and $1.7 million to repurchase shares that were forfeited due to our payment shortfall in FY 2013.

Program Description

The AfDB provides public sector financing at market-linked rates to 16 middle-income African countries, and provides loans, equity investments, lines of credit, and guarantees to the private sector in all 54 African member countries.

The AfDB had close to $2.75 billion in lending approvals in 2014, split almost evenly between the public and private sectors. Forty percent of AfDB projects are in infrastructure (including sector support in energy, transportation, communication, and water and sanitation), 20 percent in the financial sector, and almost 15 percent in the social sector, with the balance in agriculture, rural development, and governance.

Recognizing that the private sector is the engine for Africa's growth, the AfDB is doing more to leverage and support private investment. The AfDB's new Private Sector Strategy focuses on improving Africa's investment and business climate, expanding access to social and economic infrastructure, developing appropriate regulations and institutions to support business growth, and promoting enterprise development.

The AfDB is also supporting the development of financial and capital markets to serve the needs of different types of businesses, from microcredit for household enterprises to mature financial services for large-scale investment. Over the past three years, the AfDB has granted more than 156,000 microcredits and provided more than 10,000 microfinance clients with training in business management. An estimated 4.6 million people have benefitted from AfDB private sector investment and microfinance projects. An estimated 53 percent of beneficiaries are women.

The AfDB is financed by capital contributions from shareholders and borrowing from international capital markets, as well as retained earnings. In 2010, AfDB shareholders committed to provide the AfDB with new capital through GCI-6 to ensure that the AfDB had the resources necessary to assist countries in the region hit by the financial crisis (as well as those hit by food and fuel crises) and to continue expanding its support to the private sector in Africa. Subsequently, the Arab Spring compounded these financial needs by increasing the economic support required by North African countries.

The United States is the largest non-regional shareholder at the AfDB, with 6.5 percent of total shareholding, and the second-largest shareholder overall, after Nigeria.

How AfDB Promotes U.S. Interests

Through its support for growth in Africa's middle-income countries, the AfDB is helping solidify nascent democracies in North Africa and create stable societies that can govern effectively and meet the needs of their people. In addition, by promoting private sector growth and improving the quality of the regulatory environment, the AfDB is helping to create new markets for U.S. businesses. Finally, U.S. investments in the AfDB have a significant leveraging effect, with each dollar of capital supporting additional lending of $20.

Meeting our AfDB Commitments

Failure to meet our commitment to the GCI would result in further dilution of U.S. shareholding and could risk our single-country seat on the Executive Board, where the United States is the only shareholder to have its own seat. This would significantly erode our leadership and influence at the AfDB.

The United States forfeited $1.7 million in AfDB shares due to sequestration in FY 2013. Without funding to repurchase these forfeited shares, U.S. shareholding will decline to an estimated 6.44 percent.

Achieving and Measuring Results

The AfDB Group updated its Results Measurement Framework (RMF) in 2013 to improve its tracking of development goals and rate the number of projects that meet expectations. The RMF tracks roughly 100 performance indicators, organized in four interconnected levels: 1) development progress in Africa; 2) the AfDB Group's contribution to development in Africa; 3) the AfDB Group's operational performance; and 4) the AfDB Group's organizational efficiency.

For example, from 2011-2013, AfDB assistance produced the following results:

- $1.06 billion in additional government revenues from AfDB projects and investments;
- 1.01 million jobs created;
- 10,054 microfinance clients trained in business management;
- 2.4 million women benefitted from private sector investee projects and microfinance.

The RMF also tracks performance on cross-cutting issues, such as gender and climate change. The results show that in 2013, 86 percent of new AfDB projects had a gender-informed design, an improvement from 78 percent in 2012. In 2013, 70 percent of new AfDB projects had a climate-informed design, an improvement from 65 percent in 2012.

Additionally, the RMF tracks progress on the AfDB Group's implementation of both its new Integrated Safeguards System and gender equity goals. In 2013, about 76 percent of AfDB projects were assessed as having satisfactory social and environmental risk mitigation measures. In 2013, 78 percent of completed AfDB projects had satisfactory gender equality outcomes.

To build on this tool, the AfDB Group recently began producing Country Development Effectiveness Reviews, which will eventually cover AfDB Group activities in all 54 member countries. The first such reviews provide comprehensive reviews of the AfDB Group's interventions in Tunisia, Senegal, Zambia, and Rwanda.

This focus on results has contributed to improvements in the AfDB Group's performance and effectiveness. In 2013, 93 percent of completed AfDB projects were rated as satisfactory, an improvement from 75 percent in 2012. Additionally, 88 percent of AfDB projects were assessed as delivering sustainable outcomes, an improvement from 81 percent in 2012.

Finally, the AfDB Group introduced "MapAfrica" in 2014, a new geocoding tool that maps the AfDB Group's entire ongoing portfolio. This map allows the AfDB Group to improve the geographic allocation of its resources and provide stakeholders and citizens with a better understanding of the AfDB Group's activities and impact on local development.

Project Examples

Tunisia. The AfDB approved an $84 million public sector loan to modernize Tunisia's railway system by improving the efficiency and cost of transportation. The AfDB project constructed and rehabilitated railway tracks, stations, freight terminals, and maintenance depots across Tunisia, and installed a modern fiber optics telecommunications system. Institutional capacity-building for the Tunisian National Railway Corporation led to lower operating costs and faster, more reliable service for passengers and freight. The proportion of trains experiencing delays fell from 91 percent in 2004 to just 25 percent in 2012 when the project was completed, benefiting local industries such as phosphate, an industry that is central to the Tunisian economy. The AfDB project led to a 37 percent increase in Tunisia's phosphate transport capacity.

Senegal. In 2009, the AfDB approved $26.6 million to finance a 10-year public-private partnership (PPP) to improve efficiency and service delivery at Senegal's Dakar Port Container Terminal. By addressing key infrastructure bottlenecks, the project is expected to save Senegalese consumers an estimated $150 million annually through cheaper imports, and will benefit producers, exporters, and importers through reduced costs. Expected to be completed by 2019, the project has created more than 300 new skilled jobs, and waiting times for cargo ships arriving at Dakar port have already fallen from 15 to two hours. The AfDB structured the innovative PPP, which is also expected to catalyze private sector growth in Senegal and generate an estimated $130 million in government revenue annually.

Box 2: The African Development Bank Group's Support for Infrastructure Development

Representatives from African governments, private sector, and civil society have all identified addressing the infrastructure deficit as the top priority for Africa's development in the coming years. While infrastructure investments are responsible for much of African countries' improved growth performance in recent years, the African Development Bank (AfDB) estimates that Africa would need to invest $93 billion in infrastructure annually through 2020 to close its infrastructure gap.

Africa's infrastructure deficit places it at a competitive disadvantage. Only 43 percent of African households, and only 32 percent of sub-Saharan African households, have electricity access, and electricity supply has not kept pace with population growth in sub-Saharan Africa. Africa's road density (length of road per area) is just 30 percent of Asia's. Shipping a container across national boundaries in Africa entails average delays of 37 days, versus 20 days in Southeast Asia. Only two-thirds of African households have access to clean water, and only 40 percent have access to adequate sanitation.

The AfDB Group, which includes the AfDB and the African Development Fund (AfDF), has focused on reducing Africa's infrastructure gap, becoming the largest external financier of infrastructure in Africa. Its active investments in infrastructure exceeded $21 billion at the end of 2013. From 2011-2013, the AfDB approved $2.21 billion in loans for energy, transport, communications, and water and sanitation, and the AfDF approved $3.15 billion for infrastructure, representing 48 percent of total AfDB Group approvals.

The AfDB Group's investments have produced important improvements in Africa's infrastructure from 2011-2013. They resulted in: the construction, rehabilitation, or maintenance of 8,192 kilometers of roads; training or recruitment of 9,506 Africans for road maintenance; and the education of 544,996 people in road safety. Consequently, 26.5 million Africans, half of them women, benefited from increased access to transport. In the power sector, the AfDB Group financed 978 MW in new generation capacity, including 325 MW in renewables. This helped reduce carbon emissions by 524,000 tons per year. The AfDB Group's projects connected 9.7 million people with new or improved electricity connections. Similarly, 8.3 million Africans received access to improved water and sanitation facilities.

The AfDB Group plans to significantly ramp up these infrastructure results in coming years, reflecting the increased assistance made possible through the AfDB's Sixth General Capital Increase and continued strong replenishments of the AfDF. The AfDB Group expects that projects it completes from 2014-2016 will contribute to the following results in infrastructure:

- 18,904 kilometers of roads constructed, rehabilitated, or maintained;
- 41.7 million people with improved access to transport;
- 2,164 MW of electricity generation capacity installed, of which 1,064 MW will be renewable;
- 18.9 million Africans with new or improved electricity connections;
- 2.6 million tons per year reduction in carbon dioxide emissions;
- 35.5 million people with new or improved access to water and sanitation;
- 2.7 million people benefiting from improved access to basic information and communication technology.

Asian Development Bank Group

The Asian Development Bank Group is comprised of the Asian Development Fund (AsDF) and the Ordinary Capital Resources of the Asian Development Bank (AsDB). Treasury is seeking funding for its commitment to the AsDF and for its unmet commitments to the AsDF and AsDB.

Asian Development Fund

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
AsDF	109,854,000	104,977,000	166,086,000
Of which, payment toward unmet commitments	*109,854,000*	*15,077,000*	*76,186,000*

Treasury requests $166.1 million for the AsDF. This amount includes $89.9 million for the second of four installments to the AsDF's Tenth Replenishment (AsDF-11) and $76.2 million to pay down our unmet commitments to the AsDF.

Program Description

The AsDF provides concessional loans and grants to the 29 poorest countries in Asia, including Afghanistan and Pakistan. It focuses on supporting inclusive, environmentally sustainable economic growth, and regional cooperation and integration. Specific sectors of focus include clean energy, sustainable transportation, and access to reliable water and sanitation. The AsDF also invests in cross-cutting activities, such as connecting entrepreneurial training with financing for SMEs. From 2009 to 2013, the AsDF has approved $15.5 billion through 250 loans and grants for AsDF-eligible countries. Historically, the AsDF has provided over $50 billion for projects in developing member countries.

Water, energy, and transportation infrastructure comprise 68 percent of all AsDF projects, while financial sector deepening, agriculture, and health projects make up the remainder of AsDF activities. In recent years, with U.S. encouragement, the AsDF has focused on countries where support strengthens U.S. national security priorities. In 2013, the AsDF provided $471 million in assistance to Afghanistan, which has already helped to improve the country's core transportation infrastructure. In Pakistan, AsDF assistance totaled $1.5 billion, much of which will help Pakistan to reform its electricity sector and promote stability.

The AsDF is poised to undergo a major structural change. The AsDB Group's management proposes to transfer funds dedicated to AsDF concessional lending into the AsDB (which is the AsDB Group's market-rate lending window) effective at the beginning of 2017. By combining these two facilities, the AsDB Group will be able to leverage its resources in a much more optimal way. Currently, funds in the AsDF structure remain in the AsDB's account until they are disbursed, whereas under the new structure, the AsDB will be able to use the equity to support additional borrowing from the markets to fund concessional lending. As a result, annual concessional assistance is projected to increase from $3.1 billion to $3.8 billion by 2017. Additionally, the AsDF will continue to provide grants to all eligible countries. The United

States has played a critical role in ensuring that AsDF-eligible countries primarily benefit from the additional resources, while safeguarding AsDB's AAA credit rating and overall strong financial position. The AsDB Group will seek final approval for the proposal in May 2015.

This restructuring will have significant implications for future AsDF replenishments, which will be conducted only to receive funding for grants, not concessional lending, thereby reducing the burden on donors.

How AsDF Promotes U.S. Interests

AsDF assistance helps achieve key U.S. national security and foreign policy objectives. Regional trade projects expand markets for American exports, while investments in sectors such as energy and transportation infrastructure serve a stabilizing role in Afghanistan, Pakistan, and Tajikistan, among other countries. The beginning of AsDF assistance to Burma will help the country's democratic transition, while projects in the Pacific Islands helps the small island nations adapt to the effects of climate change.

The United States' contributions have a multiplier effect, as contributions are pooled with those of 31 other donor countries and then leveraged to provide assistance to lower income borrower countries. Each dollar the United States contributes is matched with $9 in contributions from other donors and internal resources.

Meeting our AsDF Commitments

Unmet commitments to the AsDF amount to $312 million. Without fully funding its commitments, the United States would see a decline in its ability to influence the direction of AsDF policies and operations just as new development institutions, like the Asian Infrastructure Investment Bank, are poised to emerge. These unmet commitments are inconsistent with the U.S.'s strategic interest in ensuring that sufficient concessional lending is available for the poorest countries in the region to alleviate poverty and improve people's lives. Among all 32 AsDF donors, Spain is the only other country that currently has unmet commitments. U.S. unmet commitments also have a negative multiplier effect because in some cases other donors block the funds they have contributed for AsDF use until the United States meets its commitment. For the current replenishment, France, Germany, and Turkey have withheld from AsDF use a total of $115 million in contributions,

Achieving and Measuring Results

The AsDF has achieved notable results since 2010, including:

- Building or upgrading educational facilities for over 17 million students, training over 700,000 teachers, and educating over 20 million students with improved quality assurance systems;
- Installing 230 megawatts of new generating capacity from power projects;
- Providing new microfinance or financial access for over 2 million people;
- Supporting projects that target gender equality in 12 countries;
- Building or upgrading 31,000 kilometers of roads; and

- Providing over 2 million households with access to clean water and rehabilitating 16,000 kilometers of water supply pipes.

The AsDB Group reports on results through the annual Development Effectiveness review (DEfR) and Performance Scorecard, which compile project-level outputs for both AsDF and AsDB projects. In particular, the DEfR measures whether projects across the AsDB Group are effective, completed on time and according to benchmarks, and sustainable after the conclusion of AsDB Group involvement. These standards are used by AsDB Group staff to compile lessons learned for future projects.

Results in recent years have shown improvement in development effectiveness. Among all projects from 2011-2013, 77 percent were rated as successful, an increase from 70 percent success in 2010-2012. The improvements were underpinned by marked increases in project effectiveness in energy, water supply, and other municipal infrastructure, along with improvements in the financial sector, traditionally a low-performing sector. Finance success rates jumped from 46 to 62 percent over the same period. From 2011-2013, 62 percent of AsDF projects were rated both successful and sustainable. The metric allows AsDB Group staff to measure factors, including policy and regulatory environments and administrative capacity that impact the ultimate success of projects after AsDB Group involvement ends.

At the urging of the United States and other donors, the AsDB is making important operational changes in an effort to become more effective. For example, the AsDB is allocating more resources for project preparation and supervision, and has decentralized more operations by shifting staff from AsDB Group headquarters in Manila to resident missions, which has been shown to improve project performance.

Project Examples

Afghanistan: The Hairatan to Mazar-e-Sharif Railway Development Project, which began in 2009 and is funded by a $165 million AsDF grant, is a 75 kilometer railway that links the town of Mazar-e-Sharif to Hairatan on the northern border with Uzbekistan. Hairatan is the entry point for half of Afghanistan's imports and humanitarian goods, and the rail line has cut travel time, lowered freight costs, and expanded cross-border trade, allowing 4 million tons of goods to be transported in the first year of operation. The railway is the first commercial rail network in the country's history, and 7 million people are expected to be direct beneficiaries of the project.

Asian Development Bank

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
AsDB	106,586,000	106,586,000	5,608,435
Of which, payment toward unmet commitments	-	-	*5,608,435*

Treasury requests $5.6 million to pay down unmet U.S. commitments to the AsDB that resulted from shortfalls in FY 2011 and FY 2013.

Program Description

The AsDB provides long-term loans at market-linked rates to 23 middle-income Asian countries that lack the resources to finance their development needs and build critical infrastructure. The AsDB also supports private sector development with technical assistance, loans, guarantees, and direct equity investments in viable private sector projects with strong development impacts. In 2014, the AsDB approved $10.3 billion worth of direct financing for projects and leveraged another $6.6 billion in co-financing from official and commercial sources.

Through its lending, both for projects and for policy reforms, the AsDB supports the construction of critical economic infrastructure, the expansion of private enterprise, and environmentally-sustainable economic growth. The majority of AsDB assistance is for investments in transportation, energy, finance, and industry and trade, with other sectors such as water supply, municipal infrastructure, agriculture and natural resources, and public sector management also receiving significant funding.

The AsDB is financed through capital contributions from donors, income earned on its loan and investment portfolios, public bond issues, and private placements. In April 2009, donors concluded the AsDB's fifth GCI (GCI-V), which tripled the AsDB's capital base to $165 billion. GCI-V was necessary to enable the AsDB to maintain an adequate level of lending after it stepped in with a significant increase in lending to assist developing Asian countries to withstand the effects of the global financial crisis.

During the negotiations on GCI-V, the United States and other donors advocated for a series of policy and operational reforms, including:

- Strong and effective implementation of the AsDB Groups's Safeguard Policy Statement to protect the environment and local populations during project activities;
- The development of a new Public Communications Policy to increase transparency, disseminate information more widely, and include more stakeholders in the AsDB Group's deliberations;
- The adoption of a new Accountability Mechanism that provides a clearer avenue for redress of grievances related to projects and holds the AsDB Group accountable for adhering to its own policies and guidelines;
- Greater independence for the Evaluation Department; and
- A stronger focus on results.

A total of 67 shareholders – 47 from Asia and the Pacific and 19 from outside the region – make up the AsDB, with voting rights accorded in proportion to shareholders' contributions. The United States and Japan are the largest individual shareholders, with 15.7 percent potential shareholding each (the United States is currently slightly behind Japan, at 15.56 percent to Japan's 15.67 percent, and will reach 15.7 percent pending its payment of $5.6 million to the current GCI). China and India are the third and fourth largest shareholders, with 6.4 and 6.3 percent of the total, respectively. The United States has traditionally used its position as the co-largest shareholder to push for important reforms that have made the AsDB more effective, transparent, and accountable for delivering measurable results on the ground.

How AsDB Promotes U.S. Interests

The AsDB provides needed investment resources in a region that, despite rapid economic growth, remains home to two-thirds of the world's poor and is critical to global economic growth and trade.

The AsDB is an important financier of infrastructure in Asia, which the G-20 has identified as vital to supporting strong, balanced, and sustainable global growth. Importantly, AsDB financing comes with safeguards to ensure that local populations and the environment are protected throughout the project cycle, delivering cleaner, more sustainable growth. This is especially important at a time when new financiers are emerging that may not adhere to such rigorous environmental and social safeguards.

The AsDB provides significant support to countries that are important to U.S. strategic interests. Through lending and technical advice to the Greater Mekong Subregion Program; Indonesia-Malaysia-Thailand Growth Triangle Initiative; and the Brunei, Indonesia, Malaysia, Philippines East ASEAN Growth Area, the AsDB is promoting growth, poverty reduction, and economic integration around the South China Sea. Similarly, the AsDB is building regional infrastructure and providing technical assistance through the Central Asia Regional Economic Cooperation Program (CAREC). CAREC helps Central Asia reduce its economic dependence on Russia and builds markets that can contribute to stabilizing the economies of Afghanistan and Pakistan. The AsDB is also leading efforts to connect the energy markets of Central Asia and South Asia to help meet the growing demand for electricity in India, Pakistan, and Bangladesh through cleaner, cheaper imported electricity.

Additionally, the AsDB is a vital partner is assisting Asian and Pacific countries in responding to natural disasters and the effects of climate change. The AsDB provided more than $900 million to the Philippines to assist with the relief, recovery, and reconstruction of areas decimated by Typhoon Haiyan (Yolanda) in November 2013. In Indonesia, the AsDB's energy sector assistance and technical advice have helped the government implement fuel subsidy reforms and install new, cleaner generation and transmission capacity to reduce carbon emissions. The AsDB is also providing assistance to Pacific island countries to help them make their infrastructure more resilient and help populations cope with rising sea levels.

The development impact of U.S. contributions to the AsDB is greatly magnified by contributions from other shareholders and the AsDB's own borrowing on international capital markets: each dollar of capital from the United States typically supports $15 of lending to Asia's poorest countries.

Meeting our AsDB Commitments

Failing to meet our unmet GCI commitment would mean a loss of influence that conflicts with the goals articulated as part of the Administration's Pivot to Asia. The United States would cease to be the co-largest shareholder with Japan in the AsDB. Although the United States would still maintain a combined veto with Japan over major institutional decisions, our ability to shape the goals and operations of the AsDB would suffer.

Reducing our shareholding would also signal a decreased commitment to supporting sustainable development and economic growth in Asia at the same time that the United States is seeking to bolster our military partnerships and capabilities in the region and promote increased trade through the Trans-Pacific Partnership. Continued strong U.S. support to the AsDB also provides a vital signal to other shareholders about the importance that the United States places on the role of the AsDB, even as the AsDB faces potential competition from new multilateral institutions that lack its demonstrated commitment to achieving development results and adhering to rigorous environmental, social, procurement and governance standards.

Achieving and Measuring Results

Some of the results achieved through AsDB projects that were completed in 2013 include:

- 5,000 MW of energy generation capacity installed, of which 110 MW is renewable;
- 75,000 households connected to electricity;
- 3,600 kilometers of roads and 240 kilometers of railways constructed or upgraded;
- 30.5 million tons of cross-border cargo volume facilitated;
- 861,000 households with new or improved water supply and 499,000 households with new or improved sanitation;
- 831,000 microfinance accounts opened or end borrowers reached, of which 810,000 were women; and
- 19.1 million students educated under improved quality assurance systems, of which more than half were girls.

Reporting on results is done through the annual Development Effectiveness review (DEfR) and Performance Scorecard, which compile project-level outputs for both AsDF and AsDB projects. In particular, the DEfR measures whether projects are effective, completed on time, and sustainable. These reviews are then used to compile lessons learned for future projects.

Results in recent years have shown improvement in development effectiveness. Among all projects from 2011-2013, 77 percent were rated as successful, an increase from 70 percent in 2010-2012. The improvements were underpinned by marked increases in project effectiveness in energy, water supply, and other municipal infrastructure, along with improvements in the financial sector, traditionally a low-performing sector.

As noted in the AsDF discussion, there have been important operational changes to further improve development effectiveness, notably by allocating more resources for project preparation and supervision and greater decentralization.

Project Examples

Papua New Guinea (PNG): In 2009, the AsDB approved an $18 million private sector loan, through the Digicel Mobile Telecommunication Expansion Project, that allowed the private sector to launch expansion into the country's remote areas, many of which had never before had access to modern communication. Due to geographical and other boundaries, PNG's population is composed primarily of highly remote villages. In 2009, only 18 percent of the country had access to mobile phones, far below the world average of 60 percent. Due to the AsDB's involvement, 70 percent of the population now has access to mobile service. The improvement in access to service has created 13,000 jobs indirectly, and allowed citizens in rural areas to access the country's broader economy.

North American Development Bank

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
-	-	45,000,000

Treasury is seeking $45 million for the first of five installments of the first North American Development Bank (NADB) GCI. NADB, founded in 1994, provides financing for environmental infrastructure projects in the U.S.-Mexico border region. NADB is well respected among states and communities along the U.S.-Mexico border, where it has had a tangible impact on the border environment.

Program Description

NADB finances and develops environmental infrastructure projects along with its sister institution, the Border Environment Cooperation Commission (BECC). BECC assists border states and local communities to identify, design, and coordinate projects. NADB and BECC activities must be located within the area up to 100 kilometers (about 62 miles) north of the border in the United States and 300 kilometers (about 186 miles) south of the border in Mexico.

Under NADB's charter, the United States and Mexico contributed equally to NADB's initial authorized capital stock, a total contribution of $450 million in paid-in capital and $2.6 billion in callable capital. The United States and Mexico each have a 50 percent voting share. In December 2014, NADB's Board of Directors recommended the integration of NADB and BECC into one institution. This institution would operate more efficiently with the private sector and achieve greater development effectiveness, while maintaining a bi-national presence.

As of December 2014, NADB had approved $2.5 billion in loans and grants and leveraged an additional $3 billion from the private sector. Due to steady increases in lending, NADB's capital adequacy ratios have deteriorated. While NADB still maintains strong ratios in line with other MDBs, rating agencies require NADB to maintain stronger-than-average ratios due to its geographic and sector concentration. Without a capital injection, NADB's projected annual sustainable lending level will drop from the current $230 million to $75 million by 2016 at a time when there remains significant demand and need for NADB assistance along the border. A GCI of $45 million per year over five years from both the United States and Mexico will allow NADB to maintain current lending levels over the near term. Mexico announced its support for a capital increase in March 2014 and is prepared to match the U.S. capital commitment.

NADB's support for the border community has yielded tangible benefits: the percentage of people on the Mexican border with access to wastewater treatment has risen from 20 percent in 1995 to 87 percent today, benefiting 12 million residents, going from well below to well above the Mexican national average. In the United States, over two million residents have benefited from water and wastewater projects, many of whom faced health-threatening conditions due to unsafe standards for drinking water and wastewater. Many more have benefited from NADB investments in other sectors.

Investments in basic water infrastructure in the region have a demonstrated economic development payoff, as every dollar spent on water infrastructure helps build stable communities and brings in private sector investment. Moreover, NADB and BECC activities ensure other federal funds are used effectively and relieve pressure for funding from local and state governments. These governments have, at times, struggled to meet the basic infrastructure challenges of unincorporated communities found predominantly along both sides of the border that often lack access to basic services.

In recent years, NADB has also become a significant lender in clean and renewable energy projects, catalyzing the development of these sectors on both sides of the border. In addition to providing clean energy, the projects have boosted the property tax base for low-income communities in the United States and provided jobs to Americans and Mexicans alike. As part of this sector's development, the NADB has also supported initiatives designed to promote regional integration and energy efficiency, including through cross-border energy generation and transmission projects.

How NADB Promotes U.S. Interests

NADB is one of the key components of the High Level Economic Dialogue between the United States and Mexico, which has a goal of maintaining or enhancing NADB's influence in the border region. Strengthening NADB would be a tangible demonstration of the United States' shared commitment with Mexico to build a stable and prosperous border region. Despite gains made in recent decades, the United States' border region experiences poverty rates that are double the national average, while Mexico faces ongoing security challenges and infrastructure gaps. As a valued and trusted institution on both sides of the border, NADB can help mitigate these pressures through its continued engagement in the region.

Meeting our NADB Commitments

The $45 million request would represent the first annual payment of a five-year commitment for a total of $225 million. Mexico would pay the same amount over that time period and NADB's shareholding structure would remain the same. The $450 million in total paid-in capital from both countries would be supplemented with $2.55 billion in total callable capital ($1.275 billion from the United States, or $255 million per year). Overall, NADB's capital base would increase by $3 billion.

Achieving and Measuring Results

While NADB and BECC have monitored their projects since inception to ensure their proper operation, at the urging of the United States, the two institutions have more recently begun deeper examinations to measure project impacts. Working with the U.S. Environmental Protection Agency (EPA) and other governmental and private organizations, NADB and BECC have surveyed communities and taken air, water, and soil samples to document the effectiveness of their projects. For example, their first institution-wide impact assessment indicated that 95 percent of the population of communities along the border now have access to sanitation and have eliminated exposure to raw sewage. Among other results:

- NADB-financed wind and solar projects have provided over 831 MW of energy, which provides power for over 275,000 households on both sides of the border.
- Through paving and urban mobility projects, NADB and BECC have removed over 170,000 tons of particulate matter from the air, which has improved the public health of communities in the region.

Project Examples

Meeting the border's energy needs. In 2012, NADB provided $220 million in financing for the Los Vientos wind farms in south Texas, which provides 400 MW of energy to residents of central Texas. The two wind farms will provide over $50 million over 25 years to the tax base of Cameron and Willacy Counties. This tax revenue is helping fund local public school districts in the low-income Rio Grande Valley of south Texas. U.S. companies provided the wind turbines for one of the wind farms and used local labor and services in construction and operations of the wind farm.

Meeting water infrastructure needs. In the past decade, NADB and BECC have provided the city of Tijuana with $78 million in loans and grants for comprehensive wastewater treatment. Prior to their involvement, Tijuana discharged significant amounts of untreated wastewater into the Pacific Ocean, and San Diego had limited means to stop the untreated wastewater from coming into U.S. waters. Over 1.6 million residents of Tijuana benefited directly from NADB and BECC involvement, as residents have achieved near universal access to basic wastewater services, and water-borne illnesses have been reduced by over 50 percent.

Food Security

Global Agriculture and Food Security Program

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
133,000,000	-	43,000,000

Treasury requests $43 million for the Global Agriculture and Food Security Program (GAFSP), a multi-donor trust fund called for by G-20 Leaders at the November 2009 Pittsburgh Summit. GAFSP is the multilateral component of the President's Feed the Future initiative.

Program Description

GAFSP addresses the long-term challenge of food insecurity in the world's poorest countries. An estimated 842 million people suffer from chronic hunger, and the world will need to produce up to 60 percent more food by 2050 to feed a global population of 9 billion people. Of the world's 1.3 billion people living on less than $1.25 a day, about 70 percent live in the rural areas of developing countries. Most are dependent on agriculture for their livelihoods. Launched in 2010, GAFSP is coordinated by the World Bank, which serves as an implementing agency, along with the other MDBs and the International Fund for Agricultural Development (IFAD).

GAFSP operates through two windows:

- The Public Sector Window provides multi-year grant financing to support national agriculture and food security investment plans that reflect country ownership and priorities. Grants are awarded on the basis of a transparent, competitive process involving independent technical experts. By supporting country-led efforts to invest in sustainable agriculture and food security, GAFSP is promoting capacity building while helping to increase incomes and reduce hunger in the poorest countries. To date, GAFSP's Public Sector Window has awarded $1 billion in grant financing to 30 low-income countries in Africa, Asia and Latin America.

- The Private Sector Window provides long- and short-term loans, credit guarantees, and equity to support private sector activities that improve agricultural development and food security. GAFSP's Private Sector Window has invested $76 million to date in 16 investment projects, one global investment program, and 21 advisory projects to private agribusinesses and rural financial intermediaries. These include investments in dairy, fruit processing, and animal feed companies in sub-Saharan Africa and South Asia, as well as partnerships with local commercial banks in West and East Africa to offer financing to smallholder farmers. On average, each dollar invested by the Private Sector Window has leveraged 10 times that amount in additional private financing.

How GAFSP Promotes U.S. Interests

GAFSP promotes U.S. global development goals by supporting long-term, sustainable investments in agricultural productivity, which has been shown to be two to four times more effective at reducing poverty than investments in any other sector. GAFSP is an important tool for leveraging U.S. leadership in food security so as to mobilize political will and actions from other donors and developing countries all with the goal of reducing global hunger and malnutrition. GAFSP resources are targeted toward generating sustainable and inclusive economic growth in the world's poorest countries.

Meeting our GAFSP Commitments

The United States was the driving force behind GAFSP's launch in 2010 in response to the global food price crisis of 2008. We are currently the largest of its 11 donors. In October 2012, the United States announced a "challenge campaign," committing $1 to GAFSP for every $2 from other donors, up to a maximum of $475 million. As of December 2014, other donors have committed $242 million in additional funding, which was matched by the United States with $121 million from FY 2014 appropriations. Fundraising efforts are ongoing, and Treasury expects at least an additional $80 million in new commitments from other donors by the beginning of FY 2016, which would require at least $40 million from the United States to meet our matching challenge.

Achieving and Measuring Results

GAFSP is quickly ramping up operations and producing early results. During the first three years of project implementation, the program has already achieved the following results:

- As of December 2014, GAFSP directly reached more than one million farmers. This represents a 37 percent increase compared to the 725,000 farmers reached at the end of 2013.
- GAFSP has rehabilitated over 13,500 hectares (ha) of land with new or improved irrigation infrastructure, a 73 percent increase over the 7,790 ha rehabilitated by the end of the prior year.
- Over 147,000 smallholder farmers have gained access to improved technologies such as high yield seeds and processing equipment.
- About 3,000 beneficiaries have received nutrition services.

GAFSP has a robust monitoring and evaluation system that tracks performance during the lifetime of projects, as well as an in-depth evaluation component that measures impact on food security, nutritional outcomes, and income on a household level. Because GAFSP projects are still in their early stages of implementation, no results on impacts are available yet.

During the course of implementation, GAFSP's core results framework tracks common results indicators across all projects, allowing for aggregation and benchmarking. Indicators such as number of farmers adopting new technologies and volume of rural savings generated are reported on a semiannual basis. The results are available on GAFSP's website at www.gafspfund.org. The same indicators are reported in the Administration's Feed the Future progress report, so that GAFSP's performance is aligned with that of other Feed the Future programs.

In addition, GAFSP is currently conducting rigorous, in-depth impact evaluations in six project countries, which will result in household-level data on food security, nutritional outcomes, and income generation. In Rwanda, for example, GAFSP is conducting an impact evaluation to test what kinds of rural savings schemes are most useful for farmers and offer the greatest impact on household income. Impact results from projects in Rwanda and Bangladesh will become available after those two projects reach completion in 2016, while studies in Mongolia, Haiti, Nepal, and Liberia are still ongoing.

Project Examples

Togo. In 2010, GAFSP awarded $19 million to Togo to promote rural entrepreneurship and employment by helping farmer-led businesses access improved technologies, add value through food processing, and access new markets. This is done through an innovative business competition fund that channels GAFSP resources to help jump start the most promising farmer-led businesses. In addition, the project helps to bridge the gap between isolated rural farmers, input suppliers, as well as urban markets through the construction of marketing facilities. To date, 11 out of 20 planned marketing facilities have already been constructed. As a result of improved seeds and fertilizer accessed through these facilities, rice yields for participating farmers have increased by 30 percent.

Bangladesh. In 2010, GAFSP awarded $50 million to Bangladesh to help farmers adapt to more prevalent droughts and floods, improve crop yields and market access opportunities, and improve nutritional intake. Three years into implementation, the project has benefitted over 110,000 farmers, providing five new crop varieties to over 56,000 farmers as well as three types of fishery stock, and training to improved animal breeding and husbandry practices for close to 39,000 livestock keepers. These activities have resulted in a 35 percent increase in the productivity of crop farmers, a 75 percent increase in the productivity of smallholder fisheries, and a 75 percent increase in the production of milk from cows. Early in 2015, the project received the Bangabandhu National Agriculture Award from the Prime Minister of Bangladesh for outstanding contribution to the development of agriculture sector of Bangladesh, the highest award in the agriculture sector in the country.

International Fund for Agricultural Development

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
IFAD	30,000,000	30,000,000	31,930,000
Of which, payment toward unmet commitments	-	-	*1,930,000*

Treasury requests $31.9 million for the International Fund for Agricultural Development (IFAD). This amount includes $30 million for the first of three installments for IFAD's tenth replenishment (IFAD-10) and $1.9 million to clear a portion of the United States' $5.8 million of unmet commitments to IFAD.

Program Description

IFAD is a small multilateral fund supported by 172 member countries and dedicated to alleviating rural poverty in developing countries by increasing the productivity of smallholder farmers, improving nutritional outcomes, and expanding access to rural employment and marketing opportunities. Most IFAD-supported projects and programs are in remote rural areas where few donors operate. In 2013, IFAD projects reached 98.6 million beneficiaries, an increase of 25 percent from the 78.7 million people that were reached in 2012.

IFAD provides loans and grants based on a performance-based allocation system (PBAS). IFAD's program of loans and grants reached $900 million in 2014, and IFAD plans to deliver a program of $1.2 billion in 2015. IFAD directs close to 50 percent of its resources to sub-Saharan Africa. It provides about 30 percent of its resources on a grant basis and lends over 40 percent to low-income countries on a highly concessional basis. IFAD is a leader in assessing the impact of its programs on a gender-specific basis and ensuring that women are direct beneficiaries. On average, women represent 50 percent of project beneficiaries. External evaluations have consistently rated IFAD as providing good value for money.

To maintain current operations, donors need to replenish IFAD's resources every three years. The United States is a founding member of IFAD and its largest single contributor with 7.4 percent of total votes. The IFAD-10 replenishment will cover activities from 2016 through 2018. IFAD-10 will focus on continuing investments in smallholder farmers and rural communities that are critical to achieving the goal of eliminating extreme poverty, while consolidating operational reforms that the United States successfully promoted during past replenishments. U.S. priorities for the IFAD-10 replenishment include: enhancing IFAD's ability to generate long-lasting results and scale up successful programs; expanding the number of private sector partnerships; further bolstering gender and nutrition outcomes; and improving performance in fragile, conflict-affected states.

How IFAD Promotes U.S. Interests

IFAD supports the President's Feed the Future initiative, which advances global food security and nutrition. Through its singular focus on supporting rural economic growth, IFAD contributes to key U.S. priorities, including advancing national security, global economic and political stability, inclusive growth, and poverty reduction.

Meeting our IFAD Commitments

The United States is the largest contributor to IFAD, and other member states look to us to guide their own contributions. Given the relatively small size of IFAD, failure to fully fund the U.S. commitments would have an immediate impact on the institution's capacity to deliver assistance, particularly its ability to offer highly concessional or grant financing to low-income countries with higher rates of poverty and hunger.

Achieving and Measuring Results

In 2013:

- 98.6 million people received services from IFAD projects;
- 3.5 million farmers received training in crop production technologies and practices and 2.9 million farmers received training in livestock production;
- Rural finance projects helped 19 million beneficiaries open voluntary savings accounts, of which 72 percent were women, mobilizing a total of $1.4 billion in savings;
- Over 1 million beneficiaries received training in business and entrepreneurship and over 6 million gained access to credit;
- IFAD projects constructed or rehabilitated over 20,000 kilometers of rural roads that helped connect smallholder farmers with markets; and
- On average, women represented 48 percent of direct beneficiaries.

IFAD management commits to delivering a specific set of results at the outset of each replenishment period and reports annually on achievements against its performance targets. The results framework incorporates a number of targets in the areas of: 1) global poverty reduction, food security, and investment outcomes; 2) outcomes delivered by IFAD-supported projects; 3) outputs delivered by IFAD-supported projects; 4) IFAD operational effectiveness; and 5) institutional effectiveness and efficiency. For example, during the IFAD-10 period, one target is to reach between 110 and 130 million people. The institution has also established a goal of disbursing $5.5 dollars for every $1 of administrative expenditures.

IFAD has an Independent Office of Evaluation (IOE) that reports directly to the Executive Board. The IOE validates project completion reports and conducts corporate-level reviews on governance and operational effectiveness. The IOE also conducts thematic reviews, such as an upcoming report that assesses IFAD's performance in fragile and conflict-affected states. The IOE issues an annual report on results and impact in order to present a synthesis of the performance of IFAD-supported programs and to highlight key lessons and development challenges. The annual report issued by the IOE is a unique product that provides an independent assessment of overall performance. It facilitates a strategic discussion among shareholders on IFAD's strengths and areas for improvement.

The 2014 IOE annual report highlighted improving trends as well as challenges. IFAD's performance has improved in the areas of rural poverty impact and gender equality. This improvement is a result of ongoing efforts to bolster IFAD's in-country presence and strengthen project supervision. On average, IFAD activities are on par with, or better than, the performance of other MDBs in the agriculture sector. However, the IOE has highlighted the need to make IFAD results sustainable even after project completion. It also underscored the need for further engagement with recipient country governments to improve the policy environment for agricultural investments. These findings helped inform U.S. policy priorities for IFAD-10.

Project Examples

Burkina Faso. IFAD initiated a $36 million project to support smallholder farmers in a region severely affected by adverse climate shocks such as land degradation and increased frequency of droughts and flooding. The project helped scale up traditional farming practices to prevent soil erosion, coupling them with additional approaches such as watershed management and income-generating activities (e.g., planting and harvesting tree crops. Training was disseminated through farmer field schools so that farmers could train their peers on new techniques. By the time of project completion in 2013, the training provided had resulted in the rehabilitation of over 62,000 hectares of land and benefitted over 416,000 rural people, of which 67 percent were women and 85 percent were youth. The program helped contribute to a reduction in the proportion of people living in extreme poverty in the region by 15 percent between 2007 and 2013.

Bangladesh. IFAD approved a $30 million project that supported microfinance for marginal and small farmers in Bangladesh. When this project was initiated, IFAD recognized that small farmers in Bangladesh – who cultivated around 37 percent of Bangladesh's agricultural land – earned too much to qualify for existing microfinance initiatives, but were too poor to access other financial services necessary for investing in and growing their businesses. IFAD set out to fill this gap for small farmers, creating a viable and sustainable model of microfinance support for over 208,000 smallholder farmers, of whom 84 percent were women. By the time of project completion in 2011, investments from this new source of financing had led to higher crop yields, a 52 percent increase in sales (25 percent higher than a comparison group), a 63 percent increase in incomes, and a reduction in child malnutrition of more than 10 percent, while achieving a loan repayment rate of 98 percent.

Environmental Trust Funds

Climate Investment Funds

The Climate Investment Funds (CIFs), comprised of the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), were set up during the George W. Bush Administration as a dedicated source of funds to increase clean energy deployment and community resilience, while decreasing deforestation. In 2008, with bipartisan support, the Bush Administration pledged $2 billion over three years to the CIFs. The CIFs have a very light administrative footprint and work through the MDBs to implement high-impact projects. Participation in the CIFs allows the United States to leverage significantly its climate funding with that of other donors and take advantage of an efficient, effective channel to deliver climate finance. The CIFs were designed as an interim funding mechanism and are expected to wind down their activities in the future as the Green Climate Fund becomes operational.

Clean Technology Fund

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
209,630,000[1]	184,630,000[2]	170,680,000

Treasury requests $170.7 million for CTF to fulfill the remainder of the U.S. pledge to the fund.

Program Description

The CTF is a $5.3 billion trust fund designed to work in a targeted set of emerging-market economies that are experiencing rapid growth in energy demand and rising greenhouse gas (GHG) emissions. The CTF scales up financing for demonstration and deployment of low-carbon technologies.

At the heart of the CTF is the idea that private sector investment is critical for the development of renewable energy technologies. Accelerating the deployment of low-carbon energy technology in emerging economies is vital to ensuring that these countries can meet fast-growing energy demand with fewer GHG emissions. However, these technologies often face many barriers to market entry, such as high initial costs and limited operational experience. Funds from the CTF help unlock private sector capital and deploy technologies in new markets. The CTF is already having a catalytic effect on the concentrated solar power and geothermal sectors. Current and planned CTF investments in these sectors, along with their associated co-financing, are respectively anticipated to support projects equal to roughly one-third and one-fourth of current global installed capacity.

[1] Includes the $25 million transfer from the Economic Support Fund provided under sec. 7060(c)(8) of the Consolidated Appropriations Act, 2014.
[2] Does not include any portion of the $29,907,000 transfer from the Economic Support Fund provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015.

To ensure the strategic deployment of CTF resources, each country participating in the CTF formulates an investment plan. Altogether, these plans include 134 renewable energy, energy efficiency, and low-carbon transport projects. These projects are expected to contribute cumulative GHG emission reductions of 1.7 billion tons compared to business-as-usual, which is equal to removing more than 36 million cars from the road for one year. As of September 2014, 70 projects have been approved for $3.87 billion of CTF funding. These projects are expected to attract $25.6 billion in co-financing from the private sector, governments, and bilateral agencies and other sources, with MDBs lending a further $9.1 billion to CTF project sponsors.

The CTF has demonstrated its ability to leverage U.S. contributions by bringing other capital into transactions. Each dollar of U.S. contributions to the CTF is expected to mobilize $23 from the private sector, host governments and other (non-MDB) sources. As of June 2014, the amount of private sector direct co-investment thus far exceeds MDB financing for the 37 projects that are most advanced in their implementation. To build on this momentum, the CTF has created a $500 million dedicated private sector program, focused on scaling up private investment in the geothermal, distributed generation and energy efficiency sectors. The CTF operates on the principle of "minimum concessionality," meaning that only the minimum amount of financing at concessional rates is provided to ensure that the project will be viable and able to attract financing at commercial rates.

How the CTF Promotes U.S. Interests

The CTF advances U.S. interests in three areas. First, it helps catalyze economic growth in key export markets, which is good for U.S. jobs and economic growth. Emerging market economies where the CTF is active – including Brazil, Colombia, Indonesia, Mexico, Thailand, and Turkey – are major engines of global economic growth, and key trade and investment partners of the United States. By enabling countries to secure the electricity they need to keep growing, the CTF supports U.S. exports and investments in those countries. In countries such as Ukraine, the CTF is helping advance energy security, reducing the country's reliance on Russian gas.

Second, the CTF directly helps U.S. companies by financing projects that have U.S. sponsors or use U.S. equipment and services. The Commerce Department ranked seven CTF countries in the top 20 most promising markets for U.S. renewable energy exports. Indirectly, the CTF helps to create new markets for clean energy exports as investors gain confidence in their growth prospects; U.S. companies are poised to take advantage of these new and growing markets.

Finally, by enabling dynamic economies to grow with lower emissions, the CTF is helping to ensure that U.S. efforts to cut GHG emissions are reciprocated by other countries and have a real chance to arrest climate change. Many emerging markets, including the ones in which the CTF is active, are already among the largest GHG emitters, and their emissions are growing quickly. Enabling them to make the transition to cleaner energy sources will be essential for the success of our collective effort to keep GHG emissions below dangerous levels.

Additionally, the CTF works through the MDBs, leveraging their financial, technical, and environmental expertise and limiting administrative costs. This partnership also gives the United

States the ability to exercise oversight and ensure high standards for environmental and social safeguards throughout project lifecycles.

Meeting our CTF Commitments

The United States pledged a total of $2 billion to the CIFs, of which about $1.5 billion is going to the CTF. As of September 2014, the United States has paid $1,095 million into the CTF. The United States is the only contributor to the CTF that has not completed its initial pledge. If the U.S. pledge is not honored in time, the CTF is slated to have a funding gap that will directly impact the financing of at least 15 projects and will disrupt the investment plans of Colombia, Indonesia, Nigeria, and Turkey.

Achieving and Measuring Results

In the past five years, the CTF has achieved notable results. As of June 2014, the CTF has approved 70 projects, which have already resulted in:

- The mobilization of $23 in co-financing from private and government sources for each dollar of U.S. contributions;
- 2.3 gigawatts of renewable energy being brought into service, with an additional 15.5 gigawatts under construction;
- 11,000 gigawatt-hours of energy savings, with an additional 16,000 gigawatt-hours of savings to be achieved when the projects are completed; and
- Over 12 million tons of avoided CO2 emissions.

In the past five years, the CTF has achieved measurable results in finance mobilization, increased renewable energy supply, increased energy efficiency, and reduced GHG emissions. Strict monitoring, reporting, and evaluation procedures track progress in achieving these results. An independent evaluation of the CIFs, including the CTF, was concluded in June 2014.

Project Examples

Thailand. The solar photovoltaic (PV) market in Thailand is in the midst of a major boom, due in part to a CTF-supported utility solar project. Five years ago, investors were hesitant to devote capital to the sector. Market conditions changed thanks to pioneering solar projects developed by the woman-owned Solar Power Company Group (SPCG). SPCG received $4 million from the CTF and $8 million from the International Finance Corporation to deploy 20 megawatts of solar power. This $12 million allowed SPCG to mobilize enough capital from local commercial banks to scale up its capacity by 60 percent. After the success of this first project, SPCG attracted around $800 million of outside investment and has deployed 250 MW of solar capacity.

Ukraine. Ukraine’s $350 million CTF investment plan is increasing the country’s energy security by improving the efficiency of its residential heating systems and developing new energy sources. Four of the projects under the investment plan, using $124 million from CTF, are expected to attract as much as $1.5 billion in private sector co-financing.

Strategic Climate Fund

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
74,900,000[1]	49,900,000[2]	59,620,000

Treasury requests $59.6 million for the Strategic Climate Fund (SCF) to fulfill the remainder of the U.S. pledge to the fund.

Program Description

The SCF is a $2.4 billion fund that promotes energy access and clean energy development, protects forestlands that provide critical habitat and absorb and store carbon, and helps to develop resilience to impacts from extreme weather events in developing countries. It is important to complete U.S. payments to the SCF in FY 2016 in order to avoid stalling project approvals. The SCF is comprised of three discrete pilot programs, each addressing a particular climate change challenge:

- The Pilot Program on Climate Resilience (PPCR) is a $1.2 billion fund dedicated to enabling vulnerable countries to make their economies and communities more resilient to the effects of climate change. As of September 2014, PPCR has endorsed 75 projects and programs in 18 countries and regions, including in some of the most vulnerable countries in the world, such as Bangladesh, Haiti, and Niger. The PPCR enables countries to develop robust, government-wide responses to climate risks and to strengthen their resilience to flooding, drought, and extreme weather. As an indicator of the success of the PPCR, the World Bank has adopted the PPCR approach to resilience planning for all International Development Association (IDA) countries.

- The Scaling Up Renewable Energy Program for Low Income Countries (SREP) is a $550 million fund that helps countries expand energy access, spur economic growth, and reduce vulnerability to energy shocks by using renewable energy sources. SREP leverages U.S. resources by mobilizing further investments from the private sector. Indeed, for each $1 of U.S. funding for SREP, an additional $17.60 has been mobilized from private and host government sources. SREP currently has programs in 11 countries, where it expects to deploy 996 megawatts of clean energy capacity and improve energy access for 37 million people.

- The Forest Investment Program (FIP) is a $640 million fund aimed at reducing emissions from deforestation and degradation in Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Laos, Mexico, and Peru. These countries were selected because they contain some of the world's most important forest landscapes, which protect

[1] Includes the $25 million transfer from the Economic Support Fund provided under sec. 7060(c)(8) of the Consolidated Appropriations Act, 2014.
[2] Does not include any portion of the $29,907,000 transfer from the Economic Support Fund provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015.

biodiversity as well as absorb and store carbon. FIP funds will be used to reduce deforestation by supporting country efforts to reduce land clearing for agriculture, better forest information systems, and credit lines to community forest managers. Through its Dedicated Grant Mechanism (DGM), the FIP engages with indigenous peoples and local communities to help achieve these goals. The DGM provides resources to local indigenous groups to facilitate their participation in the design and implementation of strategies and programs developed by the FIP. Funding will also be used to catalyze private sector investment that reduces deforestation and forest degradation.

How the SCF Promotes U.S. Interests

The SCF works through the MDBs, leveraging their financial, technical, and environmental expertise and limiting administrative costs. This partnership also gives the United States the ability to exercise oversight and ensure high standards for environmental and social safeguards throughout project lifecycles. SCF supports U.S. policy initiatives, such as Power Africa, by providing critical capital and investment preparation support. The SCF's success so far is largely due to the pilot country-led design of each program with extensive national stakeholder consultations.

Experts, including those at the Department of Defense, have identified climate change as a "threat multiplier" that can exacerbate existing threats to international security, such as competition for natural resources, disease, and civil strife. Many of the world's poorest countries are also among the most vulnerable to climate change. By enabling these countries to build resilience to changing weather patterns, sea level rise, and extreme weather events, our investments through the PPCR are helping counter security threats that otherwise would have to be confronted with more costly interventions. In addition, the PPCR's resilience work helps safeguard the billions of dollars the United States invests in other sectors, especially health, food security, and infrastructure.

SREP investments promote access to energy and economic growth in poor countries, including several where the United States has important foreign policy interests, such as Ethiopia, Haiti, Kenya, Liberia, and Tanzania. Many of these countries have large populations and the potential to become large GHG emitters in the future. Enabling these countries to make clean energy a core part of their electricity sector will avoid future emissions, bolstering our own efforts to reduce emissions. It also helps countries to avoid energy imports, which can drain foreign exchange reserves.

Investments through the FIP support U.S. interests by protecting major rainforests, which complement our efforts to reduce GHG emissions. Without the carbon sinks provided by the world's forests, economies would have to cut emissions even more to keep GHG levels below dangerous levels. The FIP also protects biodiversity; conserving the world's valuable ecosystems has long been a U.S. policy priority, one consistent with American values.

Meeting our SCF Commitments

Failure to meet the U.S. pledge to the SCF will directly impact the pilot program countries that have invested significant time and effort designing and overseeing SCF programs, and it would contribute to the risk of a funding shortfall that could stall projects. As of September 2014, the United States had paid $360 million to the SCF. The United States is the only contributor to the SCF that has not completed its initial pledge.

Achieving and Measuring Results

As of June 2014, examples of SCF achievements include:

- 22 PPCR projects are currently under implementation to increase resilience. These projects are expected to improve the lives of more than 15 million people.
- Seven SREP projects are currently being implemented are expected to expand energy access to 4.8 million people and 300,000 businesses, and will generate 1.7 GWh of electricity annually, improving productivity and economic growth.
- $420 million has been allocated to support 25 FIP projects and programs in eight participating countries, conserving millions of hectares of forests.

Strict monitoring, reporting, and evaluation procedures track progress in achieving these results. The CIFs are also learning from their experience. An independent evaluation of the CIFs, including the SCF, was concluded in June 2014. Treasury is working with other participating countries to implement many of the recommendations made by the independent evaluation.

Project Examples

Zambia. Zambia's climate is highly variable, with frequent droughts, floods and extreme temperatures. Floods and droughts have increased in frequency over the past 30 years, costing an estimated 0.4 percent in annual economic growth. A PPCR project is helping Zambia’s government to incorporate climate resilience in vulnerable economic sectors and increasing the availability of climate information to vulnerable communities in the Barotse sub-basin of the Zambesi River. The number of project beneficiaries in the sub-basin is approximately 130,000.

Nepal. Nepal’s per capita energy consumption is one of the lowest in the world. SREP is addressing the country’s overwhelming energy needs with $40 million in financing for off-grid energy options in rural areas, small-scale hydropower, and biogas energy production from organic waste. The SREP investment plan is projected to bring in up to $110 million in co-financing from the private sector and government to develop small off-grid hydropower plants and solar home systems funds to supply electricity to 500,000 rural households.

Mexico. Mexico is using $60 million in FIP resources to provide technical assistance and financing to 4,000 communities, which have traditionally had little access to credit, to improve management of their forests. Communities can use these resources to invest in sustainable forest management techniques and practices.

Global Environment Facility

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
GEF	143,750,000	136,563,000	168,263,000
Of which, payment toward unmet commitments	-	-	*31,700,000*

Treasury requests $168.3 million for the Global Environment Facility (GEF). This amount includes $136.6 million for the second of four installments of the Sixth Replenishment of the Global Environment Facility (GEF-6) and $31.7 million for unmet commitments. The United States pledged $546 million to GEF-6 as part of a successful replenishment negotiation that concluded in April 2014.

Program Description

The GEF is a multilateral trust fund that provides grants for global environmental projects. Serving 165 developing countries, the GEF is a key vehicle for achieving many of the United States' global environmental goals in the areas of biodiversity, wildlife trafficking, chemicals, water, land degradation, and climate change.

For over 20 years, the GEF has received strong and sustained U.S. support because of its high-impact programming and unique mission. That mission includes protecting some of the world's most important ecosystems and wildlife, and protecting people around the world from dangerous contaminants. The United States has been a leading donor at the GEF for over two decades. Last year's replenishment (GEF-6) totaled $4.43 billion, a four percent increase over the previous replenishment. Many middle-income countries – including Brazil, China, India, Mexico, and South Africa – significantly increased their contributions to the GEF. The pledges from these countries convey the value that the international community places on the GEF and is a testament to the successful work that the GEF has accomplished.

The United States championed two new critical pilot programs in GEF-6: Integrated Approaches and Non-Grant Instruments. First, the Integrated Approaches pilot will address specific environmental problems that cross international borders and sectors by mobilizing different types of GEF resources and expertise. To tackle the drivers of environmental degradation, the Integrated Approaches will pilot investments in programs that address global commodities supply chains, efficient city planning, and food security in Africa.

Second, drawing on its past experience in debt, equity, and guarantee products, the GEF is launching a pilot to demonstrate the utility of non-grant financial instruments to combat global environmental degradation. The pilot will offer instruments that will generate reflows to the GEF, allowing donor pledges to be used more efficiently. The GEF expects to fund projects that demonstrate innovative private and public sector application of financial instruments and business models that can then be broadly adopted.

How the GEF Promotes U.S. Interests

The GEF benefits the U.S. economy and environment by addressing many external environmental problems that affect American health, safety, and prosperity. For example, the GEF has supported efforts to conserve important fish stocks through habitat protection, improved fishery management and enhanced inter-governmental cooperation. These efforts contribute to more sustainable global fisheries, which are critically important to our food supply chain (the United States imports approximately 86 percent of its seafood) and to U.S. companies. Similarly, the GEF's sustainable forest management projects support our domestic logging industry, and the jobs it creates, by curbing illegal logging.

In addition, U.S. companies and workers benefit directly from GEF activities. Given the wealth of technical expertise in environmental management and energy efficiency in the U.S., many American companies have been involved in GEF projects overseas. For example, a GEF grant of $14 million for an integrated watershed and coastal areas management project in the Caribbean involved procurement of consultants, filtration technology, stream-gauging and water monitoring equipment, and lab equipment from U.S. companies.

The GEF's work complements and strengthens the work of U.S. bilateral agencies and their environmental investments by serving as a valuable partner. For example, as the United States seeks to address the health and vitality of our seas, the National Oceanic and Atmospheric Administration (NOAA) works closely with the GEF in marine conservation projects in the Pacific Ocean, Gulf of Mexico, and Caribbean Sea. Also, USAID partners with many GEF-supported agencies and country partners to implement their international development agenda, including the New Global Initiative to Conserve the Snow Leopard. This project seeks to protect critical ecosystems in high-mountain landscapes inhabited by the leopard.

The GEF also funds renewable energy and public transportation projects, which reduce the amount of carbon and other types of pollution that cross U.S. borders. However, as the Green Climate Fund takes shape, we are urging the GEF to think about how to engage on these issues in order to avoid duplication.

Meeting our GEF Commitments

The FY 2016 request includes $31.7 million to pay a portion of our $248 million in unmet GEF commitments. Failure to meet our commitments will reduce the GEF's ability to implement new programs. For example, delays in providing our funds could lead to funding shortfalls for new GEF initiatives on wildlife trafficking or food security programs in Africa. These shortfalls could, in turn, negatively affect national security priorities, as these types of interventions are linked to reducing conflict and crime.

Achieving and Measuring Results

Since its launch, the GEF's key outcomes include:

- Investment in the establishment and management of more than 2,800 protected areas worldwide, covering more than 708 million hectares;
- Protection and planning of 274 million hectares of productive landscapes and seascapes

to promote both conservation and development;
- Investments in multi-country collaborations to improve management of shared water systems, including for 21 of the world's 64 large marine ecosystems;
- Safe disposal of more than 40,000 tons of pesticides;
- Expected cumulative direct reduction of 2 billion tons of carbon dioxide pollution; and
- Direct support for phasing out the use and production of more than 20,000 tons of ozone depleting substances to protect the ozone layer.

The GEF is effective at learning from experience and measuring impact. Every four years, the GEF's Independent Evaluation Office produces a comprehensive public evaluation of the previous period.

Project Examples

Marine Conservation. The GEF is combatting the impacts of water pollution and temperature changes in the Humboldt Current large marine ecosystem, which extends the length of the Chilean and Peruvian coastlines and supports one of the world's most productive fisheries, generating roughly $20 billion in goods and services per year. The GEF provided a $6.93 million grant to help manage the fishery and surrounding wildlife habitat. The project works with fishing communities to ensure the fish they catch are of the right size and condition for market. This increases the earnings of the fisherfolk and processing plant workers (primarily women), while maintaining a healthy and diverse fish population. The project has restored and protected the habitats of sea lions, otters, penguins, fur seals, storm-petrel, cormorant, and several species of tern.

Combating Wildlife Trafficking. Since 2010, the GEF has funded the Save Our Species (SOS) initiative that develops conservation projects aimed at species on the brink of endangerment or extinction. To date, SOS has provided resources to help protect more than 200 species, including the Atlantic Humpback Dolphin, the Bengal Tiger, the Cross-river Gorilla, the Javan Rhino, and the Snow Leopard.

Chemicals Management. The GEF has funded a project in Mongolia to build capacity for environmentally sound management and disposal of polychlorinated biphenyls (PCBs), which are cancer-causing chemicals. The project provides technical assistance for activities to eliminate PCB releases from electrical equipment, avoid cross-contamination of electrical equipment, and dispose of a minimum of 1,000 tons of PCB waste. Measurement equipment was procured from U.S. companies. By lowering health risks to the local population, this project will ultimately save lives.

Green Climate Fund

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
-	-	150,000,000

Treasury requests $150 million toward the U.S. pledge to the Green Climate Fund (GCF).

Program Description

The GCF is a new multilateral fund designed to foster resilient, low-emission development. The GCF will advance its mission by using a range of financial instruments to support projects and programs in developing countries that promise the greatest impact in reducing greenhouse gas (GHG) emissions and building resilience. It will also advance its mission by mobilizing private sector capital and fostering stronger policy environments that better address the challenges of a changing climate. Key features of the GCF include:

- **A dedicated Private Sector Facility.** Unlike other climate funds, from its beginning the GCF will have a dedicated Private Sector Facility (PSF). The PSF has two primary objectives: 1) to support local private sector actors to engage in resilient, low-emission activities; and 2) mobilize additional capital from investors around the world. The GCF Board is advised by a standing Private Sector Advisory Group, composed of business leaders from developed and developing countries, including from the United States.

- **Work in both mitigation and resilience.** The GCF supports both mitigation and resilience activities in roughly equal measure, building up expertise in both areas and positioning itself to capitalize on synergies between them. This balance makes the GCF unique compared with other funds.

- **Inclusive governance and wide donor base.** The GCF's governance structure – headed by a 24-member Board with an equal number of developed and developing countries – gives it a high level of international buy-in and collaboration, with a corresponding ability to attract non-traditional donors. Further, the United States has its own GCF Board seat and a strong say in how the institution is designed and operates. The Board is non-resident and meets three times per year.

- **World-class safeguards and accountability mechanisms**. The GCF will require among the strongest fiduciary standards and social and environmental safeguards of any multilateral fund in climate finance today. This will promote GCF-financed projects and programs that are responsibly designed and implemented, and help ensure that their financial resources are managed prudently and transparently.

- **Global reach.** The GCF will work through a larger network of public and private partners than most other climate funds. This will help reach more regions and communities, as well as unlock opportunities in both adaptation and mitigation in hard-to-reach locations.

The GCF is a multilateral fund established with a Secretariat in the Republic of Korea and with the World Bank currently serving as its trustee. (Korea won a competitive process among countries volunteering to host the GCF.) Although it has a Secretariat, the GCF will leverage and rely heavily on the capabilities of existing institutions – including multilateral development banks, non-governmental organizations, and private sector entities – to execute the projects and programs it finances.

Because the GCF is expected to begin approving project and program funding proposals by the end of calendar year 2015, the first request for funding is contained in the FY 2016 Budget. The Treasury Department and the State Department have worked together to shape the GCF into an institution that advances U.S. global priorities while ensuring adequate oversight of U.S. contributions. As the GCF becomes operational, the Climate Investment Funds will wind down to avoid duplicative funding.

How the GCF Promotes U.S. Interests

The GCF will fund activities across a variety of sectors, including transport, water and other infrastructure, energy generation and efficiency, and land use, including agriculture and forestry. Through these investments, the GCF will support development that is resilient and resource-efficient, and minimizes the potential negative impact on citizens' health and well-being. Doing so will advance U.S. interests in four key areas:

First, the GCF will catalyze economic growth in key export markets beneficial to U.S. jobs and economic growth. Emerging-market economies where the GCF is expected to be active are major engines of global economic growth, and key trade and investment partners of the United States. By enabling these countries to secure the electricity they need, increase resource efficiency, and improve resilience to extreme climate events, the GCF will help to expand markets for U.S. exports and investment.

Second, in addition to broadly supporting U.S. exports and investment, the GCF will directly support U.S. companies in the sectors in which it invests. For example, of the top 30 markets for U.S. renewable energy exports – as determined by the Commerce Department – more than half are eligible for GCF investments. Like the Clean Technology Fund, the GCF is expected to directly finance clean energy projects that have U.S. sponsors or use U.S. equipment and services. More broadly, GCF investments in clean energy will help create new and growing markets in which U.S. companies are well-placed to participate.

Third, by enabling dynamic economies to grow with lower emissions, the GCF will help ensure that U.S. efforts to cut GHG emissions are reciprocated by other countries and have a real chance to arrest climate change. Many emerging markets are already among the largest GHG emitters, and their emissions are growing quickly. Enabling them to make the transition to cleaner energy sources and increased resource efficiency will be essential for the success of our collective effort to keep GHG emissions below dangerous levels.

Finally, experts, including those at the Department of Defense, have identified climate change as a "threat multiplier" that can exacerbate existing threats to U.S. and international security, such as competition for natural resources, disease, and civil strife. Many of the world's poorest countries are also among the most vulnerable to climate change. By enabling vulnerable countries to build resilience to changing weather patterns, sea level rise, and extreme weather events, our investments through the GCF will help counter security threats that otherwise would have to be confronted with more costly interventions. In addition, the GCF's resilience investments will help safeguard the billions of dollars of development support that the United States invests in other sectors, especially health, food security, and infrastructure.

Meeting our GCF Commitments

The United States pledged $3 billion to the initial resource mobilization of the GCF, not to exceed 30 percent of total signed contribution agreements. Of that pledge, Treasury and State are requesting a total of $500 million in FY 2016 – $150 million from Treasury and $350 million from the State Department. This joint effort is a reflection of the strong, ongoing interagency partnership on U.S. participation in the GCF.

U.S. leadership in the GCF is critical to securing resources from other countries. For example, the U.S. pledge and engagement was a direct factor in securing:

- A pledge from Japan that will make it the second largest donor to the GCF;
- Pledges from Canada and Australia; and
- Increases in pledges from a number of countries, such as Norway and Austria, both of which doubled their initial pledge due in part to U.S. action.

Notably, five developing countries that are U.S. partners – Colombia, Indonesia, Mongolia, Panama, and Peru – have already pledged resources to the GCF, as have the Republic of Korea and Mexico. More countries are expected to contribute in the future.

Results and Accountability

To ensure accountability and achieve results. The GCF has:

- Adopted high quality interim environmental and social safeguards and initial fiduciary standards. The GCF will continue to raise the quality of these safeguards and standards over the next three years;
- Established three oversight mechanisms that are independent of the Secretariat and that report directly to the Board, including:
  - An independent integrity unit that will investigate allegations of fraud or corruption in GCF activities;
  - An independent redress mechanism that will address any complaints from local communities about GCF-funded activities; and
  - An independent evaluation unit that will assess the performance of GCF-funded activities in addressing the GCF's objectives.
- Established an Ethics and Audit Committee of the Board, on which the United States sits, to help exercise oversight of the GCF; and
- Developed its initial results management framework, which will be continually refined as operational experience is gained. This framework will include a core set of results indicators for all GCF-funded activities and additional sector-specific indicators.

Technical Assistance

Office of Technical Assistance

FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
23,500,000	23,500,000	28,000,000

Treasury is seeking $28 million for its Office of Technical Assistance (OTA), approximately restoring prior levels with a $4.5 million increase over the FY 2015 enacted level. This request will enable OTA to support the U.S. government's economic and security priorities in Central America, Africa, Asia, and in conflict zones, such as Ukraine.

Program Description

OTA helps developing countries build efficient revenue collection, well-planned and executed budgets, judicious debt management, sound banking systems, and strong controls to combat money laundering and crimes such as corruption. This work is critical for meeting broader strategic goals, such as private sector-led economic growth, reduction in corruption, increased accountability and transparency, and reduced dependence on foreign assistance.

OTA is a small, cost-effective program that leverages a cadre of highly experienced technical advisors who work side-by-side with host country counterparts in central banks, finance ministries and financial enforcement authorities. Projects are centered on providing countries with the knowledge and skills required to move toward financial self-sufficiency and security — including the capability to generate and better manage their own government finances and safeguard their financial system from abuse. OTA supports host-country designed, and mutually agreed upon objectives that help to safeguard scarce public resources, deliver critical services, and achieve other sustainable and tangible outcomes.

Treasury's technical assistance is also in the U.S. national interest. Building strong economic governance regimes supports financial sector stability and fosters robust trade and investment relations. Helping developing countries generate more domestic revenue and manage their resources more effectively reduces their dependence on foreign assistance. Technical assistance also helps counterpart countries to build valuable international partnerships, including in the global effort to combat money laundering and terrorist financing.

Demand for OTA assistance from developing and transitional countries is strong and continues to grow. OTA often serves as a first responder in emerging economic and national security crises, such as recently in Ukraine. As these demands outpace program resources, OTA is faced with turning down promising requests or prematurely curtailing existing projects where assistance is needed and counterparts are committed to reform. The FY 2016 request of $28 million approximately restores prior levels with a modest but critically needed increase. The request recognizes the fact that, both in the United States and globally, it makes good policy and budget sense to invest in a program that helps developing countries to raise more of their own resources; safeguard and spend those resources more wisely; and rely less on donor assistance.

How OTA Promotes U.S. Interests

Treasury's technical assistance program is one of the most cost-effective investments in promoting international stability, U.S. national security, the development of foreign markets for U.S. exports, and, in turn, U.S. job creation. Unless developing countries can exercise the core functions of government, including raising and marshaling their own revenues and setting the stage for a vibrant market economy, they will remain dependent on foreign assistance, including from the United States. A capable country contributes to a growing international market and international stability, both of which benefit the United States. OTA performs an important but often underappreciated role in national security by helping countries combat financial crimes, money laundering, and terrorist financing, while enabling them to better fulfill their international commitments. OTA also performs an important public diplomacy and leadership role as the program works on a direct ministry-to-ministry basis, building goodwill and cross border ties. OTA is also an important investment that complements and makes other U.S. foreign assistance more effective. For example, an OTA project that improves the regulatory and supervisory environment for mobile money complements other projects that focus on improved mobile money platforms.

Achieving and Measuring Results

OTA implements a well-crafted system to monitor and evaluate program performance – from project initiation, through execution, to post-project evaluation. For each project, OTA and the relevant foreign ministry or central bank identify the high-level aims of the engagement, which are reflected in signed terms of reference. The terms of reference are complemented by a detailed work plan specifying the activities, deliverables, and timelines for achieving those goals, as well as the outcomes that will provide evidence that the goals have been met. In addition, OTA advisors provide monthly reports and trip reports to Treasury leadership and other stakeholders on the execution of the work plan, including progress against project objectives. These reports are validated through ongoing dialogue with advisors coupled with on-site project reviews conducted by OTA management. In addition, post-project reports evaluate the results of completed technical assistance, and are used as a basis to improve the planning and execution of future projects.

Each year OTA evaluates the level of "traction," or the degree to which changes in behavior occur as a result of OTA assistance (e.g., the number of foreign officials who are taking an active and participative role in pursuing change, or interim deliverables that are on time or ahead of schedule). OTA also evaluates "impact," or the extent to which the objectives are actually achieved for each technical assistance project. Levels of traction and impact are measured by OTA advisors and headquarters staff according to specific indicators that are relevant to each of the five OTA financial disciplines. An evaluation of a revenue administration project may consider the extent to which the engagement improved the capacity of the partner country to audit tax returns, including in specialized sectors such as financial services. In the budget area, the evaluation may measure the extent to which the project helped to enhance transparency, accountability, and control over financial resources through the implementation of a new budget classification system.

Finally, OTA utilizes a customer survey instrument to collect information directly from country counterparts who have first-hand knowledge of OTA engagements. OTA monitoring and evaluation has consequences: projects showing results receive continued investment of OTA resources, while poorly performing projects, such as those where counterpart political will does not support reform, are terminated and the resources reallocated to other projects.

OTA is in its third year of a multi-year effort to modernize internal business processes. Currently, OTA is strengthening critical administrative functions such as contracting and procurement, logistical support, and financial management. As part of this effort, OTA is upgrading its financial management infrastructure and related processes to ensure that program resources are maximized. These efforts will ensure that OTA continues to provide timely, accurate, and reliable program information to its stakeholders, including information as part of the President's Open Government Initiative and the Foreign Assistance Dashboard.

Project Examples

Domestic Resource Mobilization. OTA helps developing countries mobilize domestic revenues and administer them more effectively. Such assistance reduces dependence on foreign assistance, supports the provision of critical public services, and fosters a relationship between tax authorities and the public that is characterized by transparency, lawfulness, fairness, predictability, and customer service. OTA has a track record of mobilizing revenues – both tax and non-tax – based on strengthening systems and building human capacity. For example, in Tanzania, OTA mentored auditors in handling complex international tax transactions. As a result of this assistance, audit capacity was enhanced such that auditors were able to capture $48 million in additional taxes.

Cash Management. Poor government cash management leads to inefficient use of scarce public funds, delays in the funding of public priorities, and lack of government flexibility in responding to changing macroeconomic circumstances. OTA has partnered with a number of countries to develop modern cash management functions and upgrade treasury operations, work that has saved millions of dollars for cash-strapped governments. In the past year, OTA has started work with the Dominican Republic Treasury to restructure the country's banking arrangements. Additionally, OTA has worked with the Philippines to develop processes for procuring and implementing of purchasing cards as a method of reducing the use of petty cash, thereby increasing the transparency and accountability of public expenditures.

Combatting Financial Crime. The use of the financial system by illicit actors undermines economic stability and weakens the financial system. Helping countries to strengthen their ability to detect financial crime, increase transparency, and improve oversight of the financial sector can have a tangible impact on issues such as corruption and narco-trafficking that inhibit economic growth and political stability. In Honduras, OTA counterparts successfully prosecuted a high profile asset forfeiture case as a result of OTA training and other capacity building efforts. Also, following several years of OTA technical assistance to counter financial crime, Ghana recently reached a major milestone by obtaining its first money laundering conviction.

Infrastructure Finance. Basic infrastructure such as transportation (airports, ports, and roads), public safety and health facilities (jails, hospitals, waste management), and energy is critical to a country's economic development and quality of life. OTA's Infrastructure Finance Team helps governments build capacity to design, negotiate, and execute financially viable infrastructure projects on terms that do not require the government to take on unsustainable financial burdens or risk. An important focus for OTA is to help client countries develop sound regulations and procedures for public private partnerships (PPPs), an increasingly popular mechanism to finance needed infrastructure. In Peru, OTA is helping the Ministry of Finance unit responsible for PPPs to develop and implement risk guidelines and an evaluation framework for PPP projects, with the goal of improving the value for money and the quality of public services. In addition, OTA emphasizes proper recognition and accounting for the contingent liabilities that arise from these PPP arrangements to ensure they are reflected on the government's balance sheet.

Annex 1: FY 2016 Appropriations Language and Authorization Requests

Below is a summary of proposed appropriations language and authorizations requests. Brackets indicate proposed deletions from the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015. Italics indicate insertions.

FY 2016 Appropriations Language

CONTRIBUTION TO THE CLEAN TECHNOLOGY FUND
For payment to the International Bank for Reconstruction and Development as trustee for the Clean Technology Fund by the Secretary of the Treasury, **[**$184,630,000**]** *$170,680,000*, to remain available until expended.

CONTRIBUTION TO THE STRATEGIC CLIMATE FUND
For payment to the International Bank for Reconstruction and Development as trustee for the Strategic Climate Fund by the Secretary of the Treasury, **[**$49,900,000**]** *$59,620,000*, to remain available until expended.

GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM
For payment to the Global Agriculture and Food Security Program by the Secretary of the Treasury, $43,000,000, to remain available until expended.

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury for the United States share of the paid-in portion of the increases in capital stock, **[**$186,957,000**]** *$192,920,421*, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS
The United States Governor of the International Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of increases in capital stock in an amount not to exceed $2,928,990,899.

GLOBAL ENVIRONMENT FACILITY
For payment to the International Bank for Reconstruction and Development as trustee for the Global Environment Facility by the Secretary of the Treasury, **[**$136,563,000**]** *$168,263,000*, to remain available until expended.

GREEN CLIMATE FUND
For payment to the International Bank for Reconstruction and Development as trustee for the Green Climate Fund by the Secretary of the Treasury, $150,000,000, to remain available until expended.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association by the Secretary of the Treasury, **[**$1,287,800,000**]** *$1,290,600,000*, to remain available until expended.

For payment to the International Development Association by the Secretary of the Treasury to satisfy commitments made by the United States to support the Multilateral Debt Relief Initiative, including through generation of early encashment credits, $111,000,000, to remain available until expended.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

For payment to the Inter-American Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, $102,020,448, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Inter-American Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $4,098,794,833.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

For payment to the Asian Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of increase in capital stock, [$106,586,000**]** *$5,608,435*, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

[The United States Governor of the Asian Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $2,558,048,769.]

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

For payment to the Asian Development Bank's Asian Development Fund by the Secretary of the Treasury, **[**$104,977,000**]** *$166,086,000*, to remain available until expended.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

For payment to the African Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, [$32,418,000] *$34,118,027*, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the African Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $507,860,808.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND
For payment to the African Development Fund by the Secretary of the Treasury, **[**$175,668,000**]** *$227,500,000*, to remain available until expended.

For payment to the African Development Fund by the Secretary of the Treasury to satisfy commitments made by the United States to support the Multilateral Debt Relief Initiative, including through generation of early encashment credits, $13,500,000, to remain available until expended.

CONTRIBUTION TO THE NORTH AMERICAN DEVELOPMENT BANK
For payment to the North American Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, $45,000,000, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS
The Secretary of the Treasury may subscribe without fiscal year limitation to the callable capital portion of the United States share of North American Development Bank capital stock in an amount not to exceed $255,000,000.

CONTRIBUTION TO THE ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND
[For payment to the Enterprise for the Americas Multilateral Investment Fund by the Secretary of the Treasury, $3,378,000, to remain available until expended.**]**

CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
For payment to the International Fund for Agricultural Development by the Secretary of the Treasury, [$30,000,000] *$31,930,000*, to remain available until expended.

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
For necessary expenses to carry out the provisions of section 129 of the Foreign Assistance Act of 1961, [$23,500,000] *$28,000,000*, to remain available until September 30, **[**2017**]** *2018*, which shall be available notwithstanding any other provision of law.

UNITED STATES QUOTA IMF DIRECT LOAN PROGRAM ACCOUNT
For an increase in the United States quota in the International Monetary Fund, the dollar equivalent of 40,871,800,000 Special Drawing Rights, to remain available until expended: Provided, That, notwithstanding the provisos under the heading ''International Assistance Programs—International Monetary Programs—United States Quota, International Monetary Fund'' in Public Law 111–32, the costs of the amounts provided under this heading in this Act and in Public Law 111–32 shall be estimated on a present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays: Provided further, That, for purposes of the previous proviso, the discount rate for purposes of the present value calculation

shall be the appropriate interest rate on marketable Treasury securities: Provided further, That section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, shall not apply to amounts under this heading.

LOANS TO THE IMF DIRECT LOAN PROGRAM ACCOUNT
Of the amounts provided under the heading "International Assistance Programs—International Monetary Programs—Loans to International Monetary Fund" in Public Law 111–32, the dollar equivalent of 40,871,800,000 Special Drawing Rights is hereby permanently cancelled as of the date when the rollback of the U.S. credit arrangement in the IMF's New Arrangements to Borrow is effective, but no earlier than when the increase of the United States quota authorized in section 72 of the Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) becomes effective: Provided, That, notwithstanding the second through fourth provisos under the heading "International Assistance Programs—International Monetary Programs— Loans to International Monetary Fund" in Public Law 111–32, the costs of the amounts under this heading in this Act and in Public Law 111–32 shall be estimated on a present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays: Provided further, That, for purposes of the previous proviso, the discount rate for purposes of the present value calculation shall be the appropriate interest rate on marketable Treasury securities: Provided further, That section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, shall not apply to amounts under this heading.

FY 2016 Authorization Requests

NORTH AMERICAN DEVELOPMENT BANK GENERAL CAPITAL INCREASE
NORTH AMERICAN DEVELOPMENT BANK
SEC.___. (a) Part 2 of subtitle D of title V of Public Law 103–182, as amended (22 U.S.C. 290m et seq.), is further amended by adding at the end thereof the following new section:
"Sec. 547. First Capital Increase.
"(a) Subscription Authorized.—
"(1) The Secretary of the Treasury may subscribe on behalf of the United States to 150,000 additional shares of the capital stock of the Bank.
"(2) Any subscription by the United States to the capital stock of the Bank shall be effective only to such extent and in such amounts as are provided in advance in appropriations Act.
"(b) Limitations on Authorization of Appropriations.—
"(1) In order to pay for the increase in the United States subscription to the Bank under subsection (a), there are authorized to be appropriated, without fiscal year limitation, $1,500,000,000 for payment by the Secretary of the Treasury.
"(2) Of the amount authorized to be appropriated under paragraph (1)—
"(A) $225,000,000 shall be for paid in shares of the Bank; and
"(B) $1,275,000,000 shall be for callable shares of the Bank.".

INTERNATIONAL MONETARY FUND QUOTA AND GOVERNANCE REFORMS
INTERNATIONAL MONETARY FUND
SEC.___. (a) Section 17 of the Bretton Woods Agreements Act (22 U.S.C. 286e-2) is amended in subsections (b)(1) and (b)(2) by adding at the end in both subsections, after "Fund", "only to the extent that such amounts are not subject to cancellation".

(*b*) *The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding at the end the following:*
''SEC. 71. ACCEPTANCE OF AMENDMENTS TO THE ARTICLES OF AGREEMENT OF THE FUND.
''The United States Governor of the Fund may accept the amendments to the Articles of Agreement of the Fund as proposed in resolution 66–2 of the Board of Governors of the Fund.
''SEC. 72. QUOTA INCREASE.
''(a) IN GENERAL.—The United States Governor of the Fund may consent to an increase in the quota of the United States in the Fund equivalent to 40,871,800,000 Special Drawing Rights.
''(b) SUBJECT TO APPROPRIATIONS.—The authority provided by subsection (a) shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.''.